

The NATIONAL UNDERWRITER



FIRE • MARINE • CASUALTY • SURETY

Great American Group of Insurance Companies New York

NEW YORK • CHICAGO • MONTREAL • SAN FRANCISCO

AGENTS EVERYWHERE

GREAT AMERICAN INSURANCE COMPANY

NEW YORK, N. Y. • Organized 1872

GREAT AMERICAN INDEMNITY COMPANY

NEW YORK, N. Y. • Organized 1926

AMERICAN ALLIANCE INSURANCE COMPANY

NEW YORK, N. Y. • Organized 1897

ROCHESTER AMERICAN INSURANCE COMPANY

NEW YORK, N. Y. • Organized 1928

DETROIT FIRE & MARINE INSURANCE COMPANY

DETROIT, MICH. • Organized 1866

MASSACHUSETTS FIRE & MARINE INSURANCE COMPANY

BOSTON, MASS. • Organized 1910

NORTH CAROLINA HOME INSURANCE COMPANY

RALEIGH, N. C. • Organized 1868

COUNTY FIRE INSURANCE COMPANY

PHILADELPHIA, PA. • Organized 1832

AMERICAN NATIONAL FIRE INSURANCE COMPANY

COLUMBUS, O. • Organized 1914

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Vice-President, Great American Insurance Company

JESSE S. PHILLIPS.....New York City
Vice-President, Great American Insurance Company. Formerly Superintendent of Insurance of New York

ARTHUR REYNOLDS.....San Francisco

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PHILIP STOCKTON.....Boston
President, First National Bank of Boston

ROY B. WHITE.....New York City
President, Western Union Telegraph Company

GARRARD B. WINSTON.....New York City
Shearman & Sterling, Attorneys

WILLIAM H. KOOP.....New York City
President, Great American Insurance Company and Affiliated Companies

THURSDAY, JULY 27, 1939

"Mr. Agent, I want you to know how much we appreciate your map of the World's Fair and New York City. Yes, we are going. Please see that I have full insurance coverage along the lines you suggested."



Increased production, as every agent knows, is largely a matter of keeping old friends and making new ones.

Typical of the friend-making advertising material supplied without cost to Royal-Liverpool agents is an attractive and distinctive map of New York City and the World's Fair. May we send you a complimentary copy? Please address your request to



You are cordially invited to visit our Fair Headquarters in the Royal Building, 150 William Street, and to avail yourself of our information bureau and other conveniences which may make your visit more enjoyable and profitable.

ROYAL-LIVERPOOL GROUPS

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N. Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA • THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA • THE NEWARK FIRE INSURANCE COMPANY • FEDERAL UNION INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • THE SEABOARD INSURANCE COMPANY • STAR INSURANCE COMPANY OF AMERICA

America Fore

STATEMENTS AS OF JUNE 30th, 1939

	*Admitted Assets	Reserve for Unearned Premiums	Reserve for Losses and All Other Claims	†Contingency Reserve	Capital	SURPLUS FOR POLICYHOLDERS Market Quotations June 30, 1939
Continental.....	\$91,913,941	\$19,802,865	\$7,943,406	\$1,022,521	\$5,000,000	\$63,142,149
Fidelity-Phenix....	71,629,213	15,657,705	6,938,317	919,932	3,750,000	48,113,259
Niagara.....	22,751,361	5,144,993	1,094,081	100,966	2,000,000	16,411,321
American Eagle....	18,848,387	3,016,919	2,527,873	0	1,000,000	13,399,179
First American....	4,564,597	881,357	189,612	0	1,000,000	3,528,861
Maryland.....	3,051,622	361,870	86,580	12,845	1,000,000	2,590,327
Fidelity & Casualty	50,231,010	13,075,916	21,797,334	777,529	2,250,000	14,580,231

*Bond and Stock valuations on basis approved by National Association of Insurance Commissioners.

†Securities carried in the above statements are deposited for purposes required by law. Continental, \$921,142.60; Fidelity-Phenix, \$1,101,659.50; Niagara, \$547,681.00; American Eagle, \$233,124.00; First American, \$446,984.80; Maryland, \$413,923.00; Fidelity & Casualty, \$1,229,403.84.

‡Contingency Reserve, representing difference between total values carried in assets for all bonds and stocks owned and total values based on June 30, 1939 market quotations.

The American Eagle market quotations are \$95,684.00 and the First American market quotations are \$35,233.00 in excess of values carried in assets.

LOSSES PAID SINCE ORGANIZATION \$1,094,000,000

"With conditions in many foreign countries so greatly disturbed", says a leading American bank president, "it is very reassuring to know that we have American insurance companies ably managed and financed for the use and protection of American enterprises. Certainly the part that the America Fore Group has contributed has been outstanding."

There is little we can add to the above statement except to say that the position occupied by America Fore in the field of property and indemnity insurance is due to the combined judgement and effort of our directors, our companies' staffs, and our agents and brokers throughout the country.

It is our job as part of the American insurance industry, to protect American business and homes, from the hazards of insurable loss, regardless of the condition of world markets or international crises.



B. M. Culver
PRESIDENT

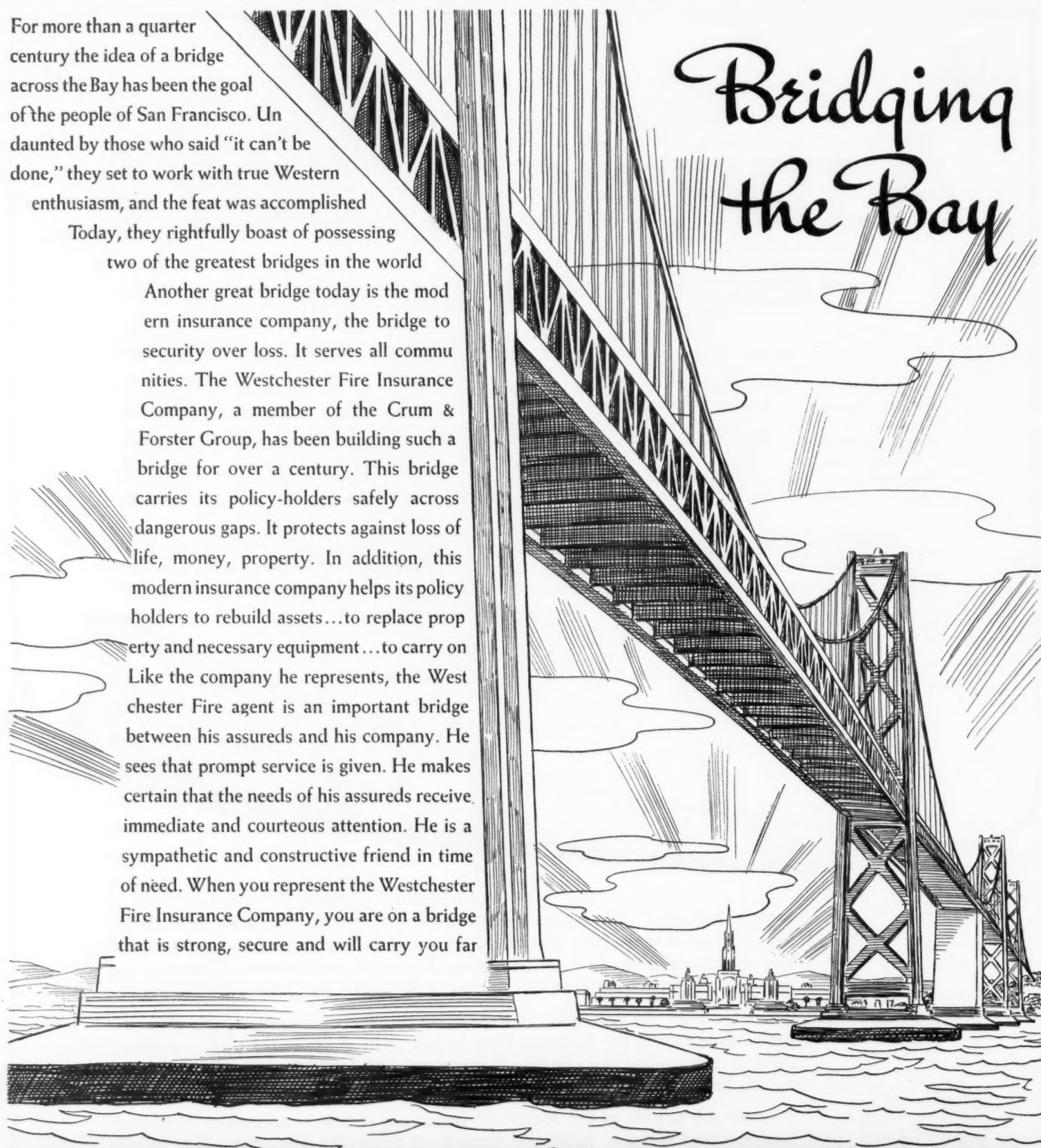
For more than a quarter century the idea of a bridge across the Bay has been the goal of the people of San Francisco. Undaunted by those who said "it can't be done," they set to work with true Western enthusiasm, and the feat was accomplished

Today, they rightfully boast of possessing

two of the greatest bridges in the world

Another great bridge today is the modern insurance company, the bridge to security over loss. It serves all communities. The Westchester Fire Insurance Company, a member of the Crum & Forster Group, has been building such a bridge for over a century. This bridge carries its policy-holders safely across dangerous gaps. It protects against loss of life, money, property. In addition, this modern insurance company helps its policy holders to rebuild assets...to replace property and necessary equipment...to carry on. Like the company he represents, the Westchester Fire agent is an important bridge between his assureds and his company. He sees that prompt service is given. He makes certain that the needs of his assureds receive immediate and courteous attention. He is a sympathetic and constructive friend in time of need. When you represent the Westchester Fire Insurance Company, you are on a bridge that is strong, secure and will carry you far

Bridging the Bay



Westchester Fire INSURANCE COMPANY

ORGANIZED 1837

CRUM & FORSTER MANAGERS
110 WILLIAM STREET · NEW YORK, N. Y.

PACIFIC DEPARTMENT
SAN FRANCISCO, CALIFORNIA

WESTERN DEPARTMENT
FREEPORT, ILLINOIS

SOUTHERN DEPARTMENT
ATLANTA, GEORGIA

CAROLINAS DEPARTMENT
DURHAM, NORTH CAROLINA

ALLEGHENY DEPARTMENT
PITTSBURGH, PENNSYLVANIA

U. S. Housing Unit Fights Amendment Sponsored by Agents

Objects to Requiring Insurer to Be Licensed by States

In view of the current fight between the Stock Company Association and the factory mutuals for the contract covering the insurance requirements of the United States housing authority, much interest is taken in a recent memorandum of the USHA concerning an insurance amendment that was introduced in Congress at the instance of the National Association of Insurance Agents. The memorandum went to the banking and currency committee of the house. It objects strenuously to adoption of the amendment which requires the insurance to be purchased in companies that are licensed in the state in which the project to be insured is located and in conformity with the state insurance laws.

The committee has adopted the amendment and ordered the bill to be reported, but the report is still in the hands of the printer.

Enactment of this amendment would make it impossible for the factory mutuals to handle the entire line. Those companies decline to be licensed in states that would impose a tax on the entire deposit premium. They consent to be licensed only in those states that assess the tax against the net, absorbed portion of the deposit premium.

The USHA offers a proposed substitute amendment in the event that Congress insists upon making an enactment of this nature.

Against Placing Barriers

The memorandum states that the long established policy of the federal government has been to discourage the placing of barriers which interfere with the free flow of commerce and the transaction of business between the states. "While it is argued," the memorandum declares, "that the proposed insurance amendment would not place barriers on interstate commerce, we believe that it will, inasmuch as the amendment would make it impossible for a local housing authority to place insurance with an insurance company which had not become licensed to do business in the particular state."

The USHA states that an insurance policy executed by a foreign insurer outside of state, on property situated within the state, is valid and enforceable against the company. The United States Supreme Court, according to the memorandum, has held unconstitutional laws that endeavor to prohibit unlicensed foreign insurers from making contracts outside of the state upon property within the state.

Any state that desires to restrict its public housing agencies or other public

(CONTINUED ON PAGE 10)

Missouri Rate Case Is Up for Hearing

Special Master Barnett Starts Proceedings in Chicago Thursday

New hearings in the complicated Missouri fire insurance rate litigation will start in Chicago Thursday of this week when a master appointed by the federal court starts taking testimony. In Chicago he has subpoenaed some of the western managers, the hearing to be held in the conference room of the Western Underwriters Association in the Insurance Exchange.

Held Up by Investigation

Paul V. Barnett, the special master, who had originally contemplated starting the hearing in St. Louis July 24, sidetracked that plan so as not to interfere with the Jackson county grand jury investigation into T. J. Pendergast's part in the alleged bribery of former Superintendent of Insurance O'Malley. A. L. McCormack, former head of the Crane Agency in St. Louis, who was president of the Missouri Association of Insurance Agents, is a key witness for the Jackson county investigation and will also play a very prominent part in Mr. Barnett's probe of the compromise. Two of the key witnesses in Chicago will be Attorney R. J. Folonie, who represented the companies in the rate litigation, and E. A. Henne, vice-president in charge of the western department of the America Fore, who is chairman of the subscribers actuarial committee, they being trustees of the \$2,700,000 fund set aside in the compromise settlement to take care of attorney fees, court costs, etc. Mr. Henne succeeded the late C. R. Street, who was chairman of the committee and who is alleged to have collected \$440,000 fund that was paid to Pendergast by Mr. McCormack.

Hearings in the East

A second hearing by Master Barnett was scheduled for New York, July 31. Other hearings probably will be held in Hartford, Boston, Philadelphia, Pittsburgh, and later in St. Louis. Special Master Barnett is to report back to the federal court by Oct. 1. The court has under consideration the suggestion by Insurance Superintendent Lucas of Missouri that approximately \$8,000,000 of impounded funds now in custody of the court be returned to policyholders. The companies are seeking to have the O'Malley compromise disregarded and the rate litigation determined on its merits.

While reams of testimony were taken on the case in Chicago and eastern headquarters it seems likely that the present hearing will center about an inquiry endeavoring to bring out any further information on the Pendergast and O'Malley bribery. That is, the master will endeavor to ascertain whether any company executive or organization official had any knowledge of the bribery, authorized it, suspected it or had any connection whatever with it.

C. L. Henson, counsel for Ray B. Lucas, Missouri superintendent, will

Ten Percent Fire Rate Cut in Texas

Commissioner Hall Informs Legislative Investigation Committee of Move

DALLAS — The legislative probers later adopted a resolution by a vote of 3 to 2 asking Commissioner Hall not to promulgate the 10 percent rate reduction until the committee had further time to study the situation in Texas. The two members opposing any delay said there had been no objection, not even from the companies, to the proposed slash. There was no indication as to what the committee had in mind by delaying the rate reduction in Texas.

AUSTIN, TEX.—A reduction of approximately 10 percent in all classes of fire insurance in Texas will be ordered soon by the board of insurance commissioners, Fire Commissioner Hall testified before a special committee of the Texas house of representatives.

Mr. Hall's announcement that the reduction would soon be forthcoming confirmed longstanding reports that Texas rates were to be cut again for the third time in as many years. Mr. Hall did not state when the rates changes would be effective other than as soon as the new schedules are printed. The effective date probably will be Sept. 1.

No Details Given

Details of the reductions were not given either by Mr. Hall or his actuary, R. E. Rustin, for publication. The committee was given further data, however, in closed session. It is understood the new schedules are soon to go to the printer.

The hearing was the first held by the committee under authority voted it at the recent session of the Texas legislature to inquire into the reasonableness of fire and casualty insurance rates in Texas. Representative Petsch of Fredericksburg is chairman of the committee. He was active during the session in contending rates were too high.

Mr. Hall said the forthcoming reduction would be "slightly more than 10 percent over all classes" and would bring to 40 percent the reduction ordered by the commission in the past three years. Other reductions totaling about 30 percent in 1937 and 1938, he said, have reduced premiums \$6,000,000.

Despite the reductions, he testified, there has been no reduction in premium volume in recent years.

Mr. Hall hinted there might be a change in the fire record credit set up to increase from 15 to 25 percent the maximum credit which may be granted

(CONTINUED ON PAGE 10)

have Frank Hollingsworth, Mexico, Mo., attorney, to assist him in the hearings, which are being conducted by Paul V. Barnett, Kansas City attorney. Mr. Barnett was appointed special master by the three-judge federal court in Kansas City.

(CONTINUED ON PAGE 9)

Plans Being Made for Local Agents' Annual Session

National Association of Insurance Agents An- nounces Some Features

W. C. Thornton, Fond du Lac, Wis.; A. B. Millard, Grand Rapids, Mich., and M. W. Boedeker, Louisville, Ky., will lead the highly interesting local board conferences at the annual convention of the National Association of Insurance Agents at Boston the week of Oct. 2.

The conferences will be held this year Oct. 3, the opening day of the convention proper immediately after the joint luncheon and round table discussions for state association officers and national councillors. In the morning the national councillors will hold their convention conferences, which are divided into the four territorial groups.

Also in the afternoon, immediately preceding and running into the time for the local board conferences, will be held the adjournment meeting of the national councillors and state association officers, at which time the report of the finance committee will be given, followed by the appointment of the convention resolutions and nominations committees and general open discussion. The national executive committee will also be meeting at this time, as probably will a conference for rural agents. R. W. Forshay, Anita, Iowa, is chairman of the rural agents committee.

Get Together Dinner

The opening gun for the social and entertainment side of the convention will start Tuesday evening with the annual get-together dinner. The Massachusetts Bonding, with President T. J. Falvey and Vice President Spencer Welton serving as special hosts, will treat the visitors to an entertainment program at this dinner.

As presiding officer and leader of Group 1 of the local board conferences, comprised of delegates from cities up to 50,000 population, Mr. Thornton is well within his rights. His zeal as an enterprising agent and association leader has guided him through his local board to president of the Wisconsin association. He is a three-term past president of the Fond du Lac Board, which he helped to organize.

Mr. Millard, leader of the Group 2 conference, in which are represented cities of from 50,000 to 250,000 population, is president of the Grand Rapids Association of Insurance Agents and one of the National association's foremost leaders in fire and accident prevention.

For cities of more than 250,000 population, Group 3 conference will have as its leader Mr. Boedeker, a man who is to be sent to the Boston convention by the Kentucky association as a compli-

(CONTINUED ON PAGE 10)

Vetoes Ill. Bill for Insurance Quiz

Governor Horner of Illinois this week vetoed the bill to create a special committee of five members of the house and five senators to study the insurance rate situation in the state and to delve into other insurance matters. In his memorandum, the governor indicated that the main reason for his veto was the fact that there was no appropriation to cover the expenses of the committee. He pointed out that insurance rates are a complicated subject and technical assistance would be necessary for worthwhile study and that there are no funds with which to provide such assistance.

Inconsistency in Bill

The governor pointed out that the title of the bill recites that an appropriation is made for the proposed special commission but no such appropriation is made in the bill itself.

The bill provides that the senate members are to be appointed "upon the advice of the executive committee." The governor pointed out that the general assembly has adjourned sine die and the executive committee is no longer in existence.

"The rates charged for different kinds of insurance," Governor Horner stated, "are of great importance to the public and it is a proper function of government to keep informed as to reasonableness of such rates and their relation to the risk involved, but it appears that the committee provided for would be unable, without an appropriation, to render any useful service or make any contribution upon this subject matter."

Governor Horner has signed the hospital lien bill. The measure was greatly modified in its final stages. At first it gave hospitals, dentists and doctors a lien against the proceeds of any settlement received by anyone treated by the hospital, dentists or doctors. As it passed, it gives the lien right only to non-profit hospitals and to the extent of only one-third of the settlement. The provision in favor of doctors and dentists was removed. Records of the hospital are made available to the claimant.

Illinois Chamber of Commerce Record

The insurance division of the Illinois Chamber of Commerce has issued a bulletin, reviewing the legislative season in the state. The insurance division was most active throughout the session and did effective work. The review states that some 50 bills were introduced at Springfield that were considered as worthy of attention on the part of the insurance division. Only two measures were passed that might be construed as unfavorable to insurance interests, according to the review. One of these, the so-called hospitalization bill, was amended to include non-profit hospitals only and to give companies access to hospital records which make the law the least objectionable possible. The other unfavorable measure, known as the adjusters bill, was vetoed by Governor Horner, the committee observed.

Some confusion was caused in Chicago and Illinois by erroneous reports that were printed to the effect that Governor Horner had signed the bill for licensing of adjusters. As a matter of fact the governor vetoed this bill, as reported in last week's issue of THE NATIONAL UNDERWRITER.

Paducah Faces Higher Rates

LOUISVILLE — Unless Paducah, Ky., overhauls its fire department and brings it up to normal strength, the town will go from 4th to 6th class. Inspectors from the Kentucky Actuarial Bureau are now in Paducah in connection with the work necessary for 6th class rates.

G. E. Hank, acting mayor, and the city commissioners are trying to work out a plan to make the necessary changes.

D. of C. Commissioner Dies Following Operation

WASHINGTON—J. Balch Moor, insurance superintendent of the District of Columbia, died Saturday following a serious operation. He was elected vice-president of the National Association of Insurance Commissioners at its recent convention in San Francisco. Mr. Moor came from Texas. He represented 26 fire companies and Metropolitan Life in a local agency for 10 years. He started this work shortly before the San Francisco conflagration of 1906. In 1916 he entered life insurance exclusively as agency director of Southwestern Life of Dallas, remaining in its service for five years. He continued with other companies in Texas as general agent.

He was appointed assistant deputy administrator of the NRA in Washington, D. C., in 1933 and in 1936 became superintendent of insurance. He took a prominent part in the deliberations of the National Association of Insurance Commissioners, served on its important committees and was well liked by the members. He was slated to be elected president of the association next year and was given virtual assurance that the meeting would be held in Washington.

Mr. Moor had a delicious sense of humor and was a most companionable man.

Examination Report on National Retailers Mutual

A convention examination was made of National Retailers Mutual by New Jersey, Maryland and Illinois as of Dec. 31. This is a James S. Kemper company. Its assets are \$2,619,399, premium reserve \$1,361,421, special reserve for reinsurance with unauthorized company \$100,000, guaranty fund \$150,000, net surplus \$676,872. Its 1938 premiums were \$2,069,637, total income \$2,166,736, losses \$614,945, total disbursements \$1,768,787. The adjustment expense was \$428,027. Its fire premiums were \$997,615, its automobile \$960,605, inland marine \$65,093, windstorm \$72,479. Its business is produced through agents and general agents in the United States and Canada. Many of the general agencies also handle the business of the Lumbermen's Mutual Casualty and the American Motorists.

Its premiums earned last year were \$1,872,049, losses incurred \$624,760, expenses incurred \$715,643, total underwriting loss and expenses \$1,393,862, gain in surplus \$478,187. The percent of losses incurred to premiums earned was 33.4, percent of loss adjustment expense incurred to premiums earned 2.9, percent of underwriting expense incurred to premiums earned 38.2, percent of investment expense incurred to gross interest and rent earned 20.1.

Iowa State Book Is Now Off the Press

The Underwriters Hand-Book for Iowa has just come from the press of THE NATIONAL UNDERWRITER. This is the 20th edition and it brings up to date the information on insurance in Iowa.

It gives the complete list of agents licensed by the insurance department, the companies they represent, members of the agency, address, date established and other business done, if any. The agents names are listed alphabetically by cities and towns. In preparing this book the compilers received 52,968 licenses from the department divided as follows: Stock fire, 19,924, mutual fire, 10,197, stock casualty 11,377, mutual casualty 6,782, casualty reciprocals, 780 and life 3,908. The stock fire licenses showed a drop of about 600 from the preceding year while mutual fire gained 100, mutual casualty gained 900 and casualty reciprocals gained 150.

Other Information Given

Another section lists all the companies licensed to operate in the state, their officers, financial statements, home addresses and names of their field men, general agents or managers. Separate sections give fire field men and casualty and life general agents and managers alphabetically for easy cross-reference. Also given is the "Record of Insurance in Iowa" which shows fire companies' premiums and losses for five years with a classification of 1938 business, casualty companies' premiums and losses for two years classified by lines written and life companies' insurance paid for and in force for six years.

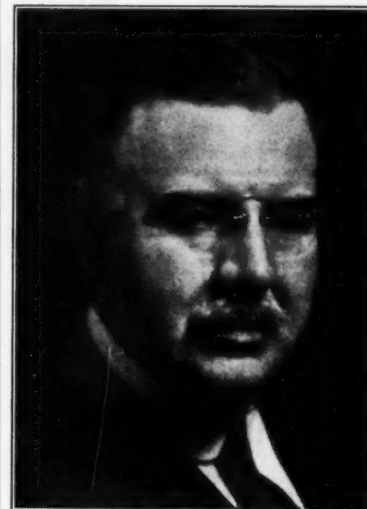
Other features are: Resume of the insurance laws of the state, town classification for fire protection, a showing of the special lines written by the various companies, lists of local and national insurance organizations together with officers and addresses, list of insurance adjusters, hotels and many other valuable bits of information.

To those who are interested in Iowa from an insurance standpoint this new book is an indispensable source of vital and interesting information.

Institute Winners Announced

NEW YORK — Students attaining highest grades in the examinations of the five courses conducted by the Insurance Institute of America in 1939, to whom prizes have been awarded, were: Casualty branch, F. E. Laderer, Ohio Farm Bureau companies, Columbus; fire, L. B. Merrifield, J. S. Kemper & Co., Philadelphia; life, J. F. Winn, Metropolitan Life, New York; marine, R. E. Kellogg, Atlantic Mutual; surety, A. E. Boles, General Reinsurance, New York.

Rounds Out 45 Years



W. H. KOOP

W. H. Koop, president Great American, completed this week 45 years' service with the company. He started as a youth in 1894, the company then being known as the German-American. He has served as president of the Eastern Automobile Underwriters Conference, New York Fire Insurance Exchange, New York Board and the National Board.

Virginia Countersignature Case Decision Delayed

RICHMOND—A decision in the case involving constitutionality of the Virginia countersignature law will probably not be given until some time in September, it is understood. The matter was argued two months ago before a three-judge federal court at Alexandria, Va., and then taken under advisement. Papers in the case are now in possession of Circuit Judge Soper of Baltimore, who has been confined to his home by illness in that city for several weeks. Other members of the three-judge tribunal are District Judges Polard of Richmond and Way of Norfolk. It is expected that the opinion will be handed down here.

Doing Splendid Service for Boston Convention

L. H. Hoffmann of Boston, member of the agency of John C. Paige & Co., vice-chairman of the general committee of the annual convention of the National Association of Insurance Agents to be held in his city the week of Oct. 2, started the campaign for Boston at Hot Springs mid-year meeting in May, 1938, and then continued at the St. Paul annual meeting. At the Hollywood, Fla., mid-year meeting this year Mr. Hoffmann, as a representative of the Boston Board, outlined tentative plans for the convention. He started with Paige & Co. as an office boy in 1919. He went through the various departments until he became cashier and credit man, remaining for 12 years, and in 1938 he started as a solicitor. He is a member of the executive council of the Massachusetts Brokers Association, being former vice-president. He is recorder for the Service Men's Protective Association.



L. H. Hoffmann

THIS WEEK IN INSURANCE

Some of the plans are announced for the Boston convention of the **National Association of Insurance Agents**. **Page 1**

The **United States Housing Authority** is making a strenuous fight against the amendment sponsored by the National Association of Insurance Agents which would require the USHA to buy insurance from companies licensed in the state in which the local project is located. **Page 1**

Texas fire rates to be reduced 10 percent. **Page 1**

Arrangements are made for the hearing before Special Master Barnett of Kansas City in the **Missouri rate case** in Chicago, July 27. **Page 1**

Northwestern Automobile has been organized in Detroit to write full cover automobile insurance by C. M. Verbiest. **Page 7**

National Bureau of Casualty & Surety Underwriters makes effective in 27 states new form of coverage providing reimbursement to car occupants in limits of \$250 and \$500. **Page 15**

Boiler and machinery manual revised by National Bureau of Casualty & Surety Underwriters. **Page 15**

Security of New Haven establishes inland marine department with F. S. Bankhardt of Chicago as manager. **Page 8**

Insurance committee of **National Electrical Manufacturers Association** makes valuable study of the non-ownership automobile situation. **Page 15**

Hearing is held in Columbus on complaint of the Ohio Association of Insurance Agents against the **licensing of Automobile Insurance Agency, Inc.**, which is closely affiliated with the Cincinnati Automobile Club. **Page 17**

E. Vernon Roth, assistant secretary of the Tower Rating Bureau, will take his new position as assistant secretary of the Surety Association of America the middle of August. **Page 16**

Duvin Coal Company, near Providence, Ky., which had a disaster in its mine, was **self-insurer and failed** and, therefore, families of dead miners will get nothing in compensation benefits. **Page 17**

Protective Indemnity of New York will increase its capital to \$1,000,000. **Page 21**

Law of liability of air carriers as affecting insurance reviewed at American Bar meeting. **Page 16**

Md. Commissioner Opposes Retaliation

Opposes Any Move Intensifying Sectional Spirit—Blackall Gives Views

John B. Gontrum, Maryland commissioner, who made one of the principal talks at the San Francisco convention of the National Association of Insurance Commissioners, in behalf of the compromise proposal for a four-zone plan of company examinations, was queried as to his attitude on the question, in view of the fact that the compromise was defeated by a coalition vote of western and southern commissioners. One or two of the eastern commissioners had informally suggested that the eastern group hold a rump convention. Superintendent Pink of New York was queried on that proposal and stated that he is opposed to it.

"I quite agree with Mr. Pink that nothing should be done to further intensify any spirit of sectionalism existing within the National Association of Insurance Commissioners," Mr. Gontrum asserts.

"I was much impressed by the splendid caliber of the men attending the insurance commissioners' convention. I believe that these men are quite capable of working out our problems in a calm spirit of tolerance, good will and mutual understanding. We must demonstrate to the country that we can approach the problems from a national viewpoint, rather than in a spirit of 'sectionalism.'"

"I felt at the recent convention, and still feel, that Superintendent Pink's proposals were sound, constructive and moderate, and I have confidence that in the fairly near future there will be a satisfactory solution of this rather vexing problem of examination. In so far as Maryland is concerned, we shall continue as heretofore and cooperate in every way under the present plan of making examinations, and certainly we do not contemplate any retaliatory action whatsoever."

Superintendent Blackall of Connecticut is another of the eastern commissioners who declares an emphatic opposition to taking part in any organization of insurance commissioners which would savor of sectional action. Possibly some have thought that the New England commissioners, who get together occasionally and who met recently, were thinking about some kind of group action. However, the New England commissioners have met together occasionally for years, and particularly in connection with problems advanced by the New England Advisory Board of the fire and casualty agents' associations of New England.

Kavanaugh's Appointment Contested in Federal Court

DENVER—The Union Investment Co. of New Mexico has filed suit in the federal court here asking that the Colorado state treasurer be restrained from paying the salary of Commissioner Kavanaugh.

In order to place the case under federal court jurisdiction, the suit sets up that the amount involved is in excess of \$3,000. However, Mr. Kavanaugh points out that his salary for the brief time he has been in office could not reach anything like that figure.

The Union Investment Co. alleges that the code bill under which Mr. Kavanaugh was appointed by Attorney-general Rogers was not correctly passed by the legislature and that the power of making this appointment belongs to the governor. The suit claims that the appointment of Mr. Kavanaugh violates the state constitution. However, no damage to the Union Investment is claimed.

Decide Issues in Liquidating Domestic Lloyds

In Thompson et al. vs. Prince, the court of civil appeals at Waco, Tex., decided several issues involved in the liquidation of Lloyds of Texas, a fire insurance writer that went into liquidation in 1930.

W. D. Prince, as receiver of Lloyds of Texas, sued Eugene Thompson and Claude Thompson, two of the underwriters of Lloyds of Texas, to recover their share of the unpaid liabilities for losses incurred by Lloyds of Texas and the expenses of receivership. The district court of Dallas county found in favor of the receiver and the court of civil appeals upheld that judgment.

The Thompsons had jointly subscribed for \$10,000 of capital stock of Lloyds of Texas paying \$1,500 in cash, delivering securities for 25 percent of their subscription and giving their personal note for the balance of \$6,000.

Report of the Master

The master's report showed that unpaid losses of Lloyds of Texas amounted to \$77,811 and the Thompsons were liable for the losses to the extent of \$2,442. The Thompsons' proportionate share of expenses of administration would amount to \$800.

Over the objection of the Thompsons, Prince, who was permitted to testify that he had examined the books of Lloyds of Texas and that after taking into account contributions made by the Thompsons, earnings of Lloyds of Texas prior to receivership and losses previously paid, the Thompsons were entitled to a credit on the books in the sum of \$644. When this data was taken into consideration the Thompsons' share of the total outstanding liabilities amounted to \$1,797. The Thompsons asserted that the trial court erred in permitting the receiver to thus testify as to the contents of the books without first requiring that the books be introduced in evidence and their correctness properly vouched for.

The higher court stated that the testimony was inadmissible but that the Thompsons did not suffer any injuries by reason of its admission. The testimony of the receiver had the effect of reducing the judgment against the Thompsons instead of increasing it.

Not Entitled to Offset

The Thompsons, according to the higher court, were not entitled to offset the claim asserted by the receiver by the item of \$644 nor by any other

New California Commissioner Takes Office

Anthony Caminetti, Jr., has now taken office as insurance commissioner of California, succeeding Rex Goodcell. He is a native of Jackson, Cal. His father, the late Anthony Caminetti, served as code commissioner for California, congressman, state senator and commissioner general of immigration under President Wilson. Anthony Caminetti, Jr., graduated from the University of California law school in 1912. He engaged in the practice of law at San Francisco until 1929, except for service during the war. In 1932 he was elected superior court judge in Amador county and was reelected in 1938.



A. Caminetti, Jr.

amount owing to them by the exchange.

There were no assets on hand when the receiver was appointed. The receiver was seeking to recover funds with which to pay policyholders for liabilities due them under policies issued by Lloyds. To that extent the receiver represented the policyholders. Each subscriber was severally liable to each policyholder for his proportionate share of the loss and suits for such losses could have been maintained by the policyholders directly against the individual subscribers.

The item of \$644 was owing to the Thompsons by the exchange. The Thompsons were not entitled to offset the claims of the policyholders as asserted by the receiver, with their claim for contribution against the other subscribers.

Expenses of Receivership

Inasmuch as receivership proceedings were necessary to enforce the liabilities of the subscribers in favor of the policyholders there is no reason, according to the higher court, why the receivership expenses should not be borne by the subscribers in proportion to their liability to the policyholders.

The Thompsons objected to the fact that the receiver had not surrendered for cash certain life insurance policies which they had posted at the time they became subscribers. The Thompsons claimed that they had requested that the receiver surrender these policies in 1932. He did

Membership Drive Being Inaugurated

National Association of Insurance Agents Starts Its Big Campaign

NEW YORK—A nation-wide home-stretch membership campaign to bring the roster up to the total enjoyed at the beginning of the fiscal year, Sept. 1, 1938, and to consolidate efforts on a national basis in the "solidarity" movement launched at the Hollywood mid-year meeting by President William H. Menn, has been announced by the National Association of Insurance Agents from its New York headquarters.

Led by J. M. Crosby, Jr., Grand Rapids, Mich., chairman; members of his national membership committee, and Assistant Secretary George W. Scott of the National association, the campaign is not based haphazard on a national drive to the goal, it is announced, but is built around a quota assigned to each state association commensurate with its present membership and possibilities for increase.

Roster of Membership

Since Sept. 1, 1938, when the membership of the National association was 15,141, only 16 of the 50 National association units at that time (Hawaii and the District of Columbia included) have shown membership reductions. The losses of these 16 units, however, have not been overcome by the increases shown by the others, the National association records show. As of July 1, 1939, Mr. Scott said, the national roster stood at 14,493 member agencies, representing a total of 648 new members to be gained to realize the objective of the present special campaign. On March 1, the membership was 15,442.

not do so and the life insurance company went broke in 1933. The higher court held that this phase of the proceeding was outlawed by the statute of limitations.

D. F. Broderick, president Dearborn National of Detroit, is in New York, planning to sail for Europe Saturday.

A new adjusting office has been opened in Spokane, Wash., by R. H. Wynn, who has resigned as branch manager for Frank Alyn. Offices are in the Sherwood building.

WILL PRESIDE AT LOCAL BOARD CONFERENCES



W. CONAN THORNTON.
Fond du Lac, Wis.



ARCHIE B. MILLARD.
Grand Rapids, Mich.



MARTIN W. BOEDECKER.
Louisville, Ky.

NEWS OF FIELD MEN

Ohioans Are Ready to Receive Blue Goosedom

CINCINNATI. — Arrangements are practically complete for the Blue Goose grand nest meeting Aug. 29-31 at Hotel Netherland Plaza, according to A. C. Guy, Western Adjustment, general chairman of the Ohio pond grand nest committee. Immediately following the meeting at Cincinnati, will be a regional convention Sept. 1-3 in New York City under supervision of the New York pond. The program there will include a tour of Radio City, a boat trip around Manhattan island, and a full day at the fair.

The decorations at Cincinnati will bring back the Ohio River steamboat tradition and some novel effects have been planned by the decorations committee of which H. D. Balyeat, W. S. Hukill agency, is chairman.

Convention hotel facilities will be air conditioned and it is anticipated that the program will be carried out in the utmost comfort.

Urges Early Reservations

G. J. Burrer, Travelers, 1313 Carew Tower, Cincinnati, chairman of the registration committee, has already received nearly 400 reservations and urges those planning to attend to make their reservations at an early date.

The Indiana, Kentucky, and Ontario ponds will have important places on the program. A number of unique entertainment features have been planned.

B. F. Flood, Royal-Liverpool, is executive secretary of the committee. The other committee chairmen are: Executive, H. R. Underwood, Providence Washington, chairman, H. L. Rubrecht, St. Paul Fire & Marine, vice-chairman; finance, W. A. Sawyer, Fireman's Fund, chairman, M. Van Haun, Western Adjustment, vice-chairman; arrangements, G. H. Allen, Royal-Liverpool, chairman, R. W. Hukill, Great American, vice-chairman; entertainment, E. F. Gallagher, Ohio Inspection Bureau, chairman, G. W. Graham, New York Underwriters, co-chairman; publicity, G. E. Wohlgenuth, THE NATIONAL UNDERWRITER; home office W. O. McLelland, American National Fire, chairman, J. C. Hiestand, Ohio Farmers, vice-chairman; transportation, H. E. Adamson, Western Adjustment; reception, Martin Vold, Jr., Springfield Fire & Marine; reunion, L. C. Heller, Providence Washington; registration and credentials, L. A. Finch, Underwriters, Adjusting; ladies, Mrs. L. A. Finch; golf, J. J. Conway, Western Adjustment.

The August meetings of the Ohio Fire Underwriters Association and the Ohio Association of Fire Underwriters will be held in Cincinnati in conjunction with the grand nest meeting and it is probable that a number of the ponds in adjoining states will hold local meetings at the same time.

Ray Priest Injured

Ray H. Priest, Topeka, state agent Liverpool & London & Globe, was injured when his automobile was wrecked while he was driving near Junction City, Kan. The car was completely demolished but Mr. Priest was fortunate to suffer only some cuts and bruises.

Indiana F. U. A. Committees

C. H. Watkins, New York Underwriters, president Indiana Fire Underwriters Association, has announced his standing committees. The executive committee includes:

Roy P. Elder, Fidelity-Phenix, chairman; G. R. Pritchett, American; J. C. Johnson, Pennsylvania Fire; J. D. Pearson, Glens Falls; J. E. Ransel, Home. R. C. Walker, L. & L. & G., vice-presi-

dent, automatically becomes a member of this committee. Chairmen of other committees are: Rules and forms, C. A. Woerner, Niagara; grievance, G. J. Burke, Scottish Union; fire prevention and bulletin, W. L. Jones, Commercial Union; speakers, A. W. Schmadeke, Atlas; educational, D. G. Kaga, Royal Exchange.

Blue Goose Swim Class

The Kansas Blue Goose at Topeka has organized a swim class, which convenes every Sunday morning during July and August. At this time the members have the exclusive use of the swimming pool at Washburn College. Topeka.

Form Kentucky Speakers Club

At the recent annual meeting of the Kentucky State Fire Prevention Association, it was voted to organize a stock companies speakers club. To consummate the organization, a luncheon meeting was held this week in Louisville. Committees on constitution and by-laws, nomination of officers, and planning a program of activities for the club had already been appointed. H. K. Rogers, fire prevention department, Western Actuarial Bureau, will spend a few days with the members of the club later on, with the purpose of instructing them in public speaking.

President of the association is J. V. Bowman, Fire Association; vice-president, L. E. Driscoll, Norwich Union; secretary, E. B. Hatch, America Fore.

Thirty-four attended the first meeting. Early this fall it is planned to devote four hours a day, for three days to intensive training of speakers, with Mr. Rogers, in charge.

Joint Meeting in Portland

PORTLAND, ORE. — At a joint meeting of the Oregon and Washington divisions of the Special Agents Association of Pacific Northwest, Vice-president Lloyd Beatty of the Washington

division, gave a report on insurance conditions in his state and L. L. George, vice-president for Oregon, made a similar report.

Among the distinguished guests were Commissioner Earle of Oregon; H. P. North, San Francisco manager Business Development Office; Manager William Thompson of Washington Insurance Examiners Bureau; C. F. Wagner, manager Oregon Insurance Rating Bureau, and A. J. Snow, assistant manager of the bureau.

Loigren Named by Merchants, Col.

Carl A. Loigren has been appointed general agent for the Merchants Fire of Denver in Wisconsin. His headquarters will be at Milwaukee. He has been state agent of the Security of Iowa and general agent of the Importers & Exporters in Wisconsin.

Sendoff for T. D. Merrell

T. D. Merrell was given a rousing sendoff by the Illinois field force and department heads in the Chicago office of Home of New York, at a dinner in Chicago Monday evening, on the eve of his departure for Denver to become special agent in the mountain territory for Home. Mr. Merrell has been special agent in Illinois. About 30 attended the dinner. A. H. Knight, Illinois state agent, served as toastmaster. L. R. Choate, associate state agent, presented Mr. Merrell in behalf of the assemblage with a golf bag. Others who spoke briefly were E. R. Hurd, Chicago general manager; G. C. Cundiff, assistant manager of the farm department; L. J. Fischer, assistant Chicago manager; E. J. Busch, chief adjuster and V. J. DeGuire, special agent.

B. W. Heyer, editor of the "British Columbia Times," financial and insurance journal, published in Vancouver, has been elected most loyal gander of the British Columbia Blue Goose.

The Seattle Blue Goose will hold its annual picnic Aug. 13 at the home of Roy Nelson on the shore of Lake Washington.

additional period has been agreed upon by the parties at interest; hence it will likely be a month or six weeks before decision by the court will be handed down.

MAP FALL STUDY COURSE

Leonard Jacobs of the General Brokers Association of the Metropolitan District is chairman of the committee that is sponsoring the qualification course in New York for applicants for brokers licenses to be given this fall by the Insurance Society of New York. Instructors include: C. J. Stephan, Fireman's group; E. C. Niver, New York Board; A. C. Goerlich, Insurance Society; W. W. Ellis, National Association of Insurance Brokers; J. J. Magrath, Chubb & Son; E. A. Goerlich, Goerlich & Goerlich; H. C. Thorn, North America; L. N. Whitelaw, Prudential.

Also F. T. Curran, Continental Casualty; W. L. Jack Nelson, formerly with United States Aviation Underwriters, now a broker; John C. Brodsky, Fidelity & Casualty; Lee Ingraham, Aetna Casualty; E. L. Clark, J. C. Penney Company; R. P. Stockholm, North British; Rexford Crewe, Hartford Accident; J. F. Lawler, New York department, and Mr. Jacobs.

CHICAGO

HOLD CHICAGO INSURANCE OUTING

There was a big turnout at the "all insurance" outing held Tuesday at Olympia Fields country club near Chicago, sponsored by the Insurance Brokers Association of Illinois. Total attendance was over 700 and 460 played golf. All insurance organizations were represented — fire, marine, casualty, surety and life. C. J. Nolan, broker, was general chairman; R. I. Read, Crum & Forster, and Joseph Schwartz, broker, in charge of the golf. Two high points of the golf matches were the 70 gross, two under par, shot on a very soggy course by William Chambers, Insurance Exchange branch, Continental Casualty, and the remarks of Charles H. Burras, of Joyce & Co., toastmaster, on the size of handicaps selected by some players, ranging up to as high as 70. A large assortment of fine prizes was distributed on the basis of net score, most of them going for scores under par. Mr. Burras officiated against heavy odds, the loud speaking mechanism having broken down. E. A. Henne, vice-president America Fore, and E. I. Fiery, Royal and Eagle Indemnity companies, president Casualty Managers Club of Chicago, sat at the speakers table during dinner. C. A. Berger, president brokers association, and Mr. Nolan, both commented on the benefits of bringing all interests together in perfecting a united front. Chief Frank McAuliffe of the fire insurance patrol was another guest. The Continental Casualty team defeated America Fore in a softball game and was awarded a plaque offered by the brokers. This was presented to N. O. Hoag, vice-president, Insurance Exchange branch. The all insurance outing this year replaced the annual December stag, and it is expected will become a permanent event.

DOBBS PERSONNEL CELEBRATES

Ten years of efficient service to the insurance offices of Chicago are being celebrated this month by the Helen Dobbs Personnel agency, Insurance Exchange, Chicago. It was in 1929, a year after the annex was opened, that the agency which has provided many offices with secretaries, stenographers, policy writers, bookkeepers and others, moved into the Insurance Exchange. Now Miss Dobbs reports June and July were the two busiest months her personnel agency has experienced. Miss Dobbs has placed many thousands of insurance workers. She reports a demand for experienced secretaries, policy writers and other types of help which at present she

VIEWED FROM NEW YORK

—By GEORGE A. WATSON—

W. E. KROG WITH FIREMEN'S

William E. Krog has been appointed manager of the nation-wide brokerage department Firemen's, with headquarters at 59 John street, New York. Mr. Krog has been active in supervising brokerage business in the east for many years.

He started in the business in 1913, with Wilcox, Peck & Hughes. After serving in the war he joined R. A. Corroon & Co., in charge of their fire department. In 1930 he joined the Fireman's Fund at Boston, to organize its general cover department. In 1934 he joined Pearl Assurance, assuming full charge of its nation-wide brokerage underwriting.

COURSE IN FIRE ADJUSTING

Under the guidance of a committee, of which W. E. Hill, secretary Fire Companies Adjustment Bureau, is chairman, and A. N. Eagles, Hartford Fire, and W. G. Greer, Fire Companies Adjustment Bureau, associates, a course in fire loss adjusting will be conducted by the Insurance Society of New York, in 1939-40. The course, designed to make as thorough and intensive a study of fire loss adjusting, its principles, practices and problems, as is possible in the time allotted, is available only to those who have completed the society's fire insurance course or its equivalent. It is expected to appeal especially to home office claim department employees, special agents, present and prospective, employees in adjusters' offices and brokers.

The course will start Oct. 2, continuing each Wednesday evening to May 1.

Those scheduled to lecture, in addition to Mr. Hill and Mr. Greer, include: J. L. Fletcher, attorney; G. D. Vail of Corroon & Reynolds; George Watson, Jr., Watson Building Co.; P. M. Winchester, Fire Companies Adjustment Bureau; E. F. McCrossin, electrical engineer; A. Bruce Bielaski, National Board; L. S. Hazard, attorney; B. L. Jones, automobile department Fire Companies Adjustment Bureau; T. C. Talliaferro, secretary New York Underwriters; G. L. Scott, North British & Mercantile; B. S. McKeel, General Cover Association; E. L. Lewis, Underwriters Salvage Bureau; F. O. Affeld, attorney; R. W. Morrell of Davis, Dorland & Co., brokers, and H. B. Murtha of the Home.

INTEREST IN COMMISSION ISSUE

The question as to whether the superintendent of insurance in the absence of specific statute, has discretionary power to compel a company to restrict its commissions to those fixed by a regional governing organization, of which the company is not a member, will be determined by the supreme court of New York county, when argument is heard in the case of the Northwestern National Fire of Milwaukee vs. Superintendent Pink, several weeks hence.

Under the law of procedure eight days is allowed in which response to a temporary injunction, must be filed, and an additional eight days permitted for answer. As such limited time obviously would not suffice for the attorney general on behalf of Mr. Pink to file his answer to the temporary restraining order granted the insurance company,

cannot fill. Some of the positions open to women call for salaries up to \$30 weekly.

CHICAGO 1939 FIRE PREMIUMS

More than 100 fire companies operating in Chicago have reported to the city controller's office their fire premiums for the fiscal year ended June 30. This report is required for the purpose of levying the 2 percent fire premium tax. Figures so far reported, eliminating some incomplete totals where several agencies report independently, are:

	1939	1938	1937
Aetna Fire (Ry. Und.)	703	471	.....
Alliance Assur.	1,242	.....	.....
Amer. & For.	17,129	17,595	18,867
Amer. Drug	38,953	43,703	43,791
Amer. Indem.	5,632	.....	.....
Amer. Mut. Fire	5,604	5,683	4,349
Assoc. F. & M.	214	26	19
American	151,387	196,206	201,098
Badger Mutual	26,355	19,634	10,945
Birmingham	53,207	64,243	59,339
Columbia Fire	64,531	15,831	.....
Comm. Stand.	595	.....	.....
Cent. Mfs. M.	29,938	29,293	.....
Cot. & Wool Mf. M.	4,032	7,090	7,095
Dixie Fire	7,153	6,030	5,912
East & West	4,543	4,663	10,130
Empl. Mut. Cas.	3,154	.....	.....
Enterprise Mut.	5,604	5,683	4,349
Excelsior	2,258	4,480	4,627
Fed. Mut. Fire	272	350	435
Federal, N. Y.	19,929	11,780	8,443
Glen Cove Mut.	215	486	586
Gulf	18,982	28,858	59,937
Hdw. Deal. Mut.	27,335	35,533	20,404
Hope Mutual Fire	4,129	4,235	3,946
Industrial M.	2,016	3,545	3,547
L. & L. & G.	198,710	198,399	269,352
Lon. & Scot. Assu.	18,637	20,597	22,346
Lumb. Mut., O.	12,994	20,944	22,816
Law, Un. & Rock.	65,999	63,247	60,694
Lond. & Prov.	41,367	.....	.....
Lond. & Lanc.	128,014	100,079	99,439
Lumber Mut. F.	9,565	15,274	.....
Mfs. Mut.	9,339	9,472	7,249
Market Men's M.	5,498	5,672	4,392
Merchants, R. I.	49,647	5,285	4,899
Merchants, Ind.	1,564	1,814	.....
Marine	2,382	2,182	2,558
Millers Mut., Pa.	4,118	9,759	8,908
Mechanics Mut.	5,604	5,683	4,349
Newark Fire	50,613	41,761	55,997
Northw. Nat.	300,333	321,114	345,045
Northern, Lond.	82,128	68,271	80,643
Nat. Jewelers M.	2,312	1,358	1,768
National Union	98,488	93,421	87,017
Northw. Mut.	23,346	28,986	15,562
Ohio Mutual	284	10	282
Ohio Farmers	15,666	18,901	19,356
Orient	130,775	123,414	104,772
Pacific National	98,194	.....	.....
Pa. Millers Mut.	9,068	14,738	12,315
Phila. Mfs. Mut.	6,235	8,278	2,925
Prov. Fire, N. Y.	24,166	26,763	17,930
Queen	88,505	87,462	99,565
Quaker C. F. & M.	14,069	22,999	20,325
Rhode Island	45,549	9,472	7,249
Royal Exch.	105,873	112,371	122,661
Royal	217,983	231,191	248,869
Rubber Mfs. Mut.	4,032	7,090	7,095
Rhode Island M.	9,339	9,472	7,249
Security, Conn.	78,170	82,667	112,122
Star	48,042	44,807	48,682
Safeguard	24,106	18,408	16,151
Standard Marine	23,412	23,490	15,588
State Mut. Fire	12,207	11,366	8,699
Seaboard F. & M.	23,276	.....	.....
Sea	1,024	485	380
Standard, N. J.	42,496	47,934	54,413
Union of Canton	6,464	6,575	2,050
Union Mut. Fire	30,773	20,731	11,792
Western Factory	43,522	.....	.....
West Bend, M.	1,850	1,311	.....
What Cheer M.	4,129	4,235	3,946
Workmen's Mut.	.....	.....	.....
Fire	4,130	2,459	5,755
Yorkshire	66,772	.....	.....
Zurich Fire	2,949	3,807	5,189

Includes Amer. Eagle, Automobile, Com. Un. Assu., Conn. Fire, Continental, Fid.-Phenix, Glens Falls, Hartford, New Hampshire, N. Y. Und., Orient, Phoenix, Sun, Agricultural, American, Employers Fire, Allemannia.

ADE OPENS OWN AGENCY

Charles W. Ade, who resigned recently as assistant manager of the Pacific National Fire's western department at Chicago, has opened his own agency at 410 Insurance Exchange, Chicago.

While R. T. Galvin, Iowa special agent of the American Automobile, is on vacation, H. M. Glenn of the Chicago office will take his place.

Ray B. Lucas, Missouri insurance superintendent, is being considered as one of the choices for gubernatorial candidate to succeed Governor Stark, who is expected to run for the senate in the next election.

W. T. Reeves, Jr., and L. M. Gray have opened an agency as Reeves-Gray, Inc., 1017 Board of Trade building, Los Angeles.

NEWS OF THE COMPANIES

America Fore Companies Report

Continental, in its mid-year statement, reports assets \$91,910,940 as compared with \$96,441,078 as of Dec. 31, 1938. The premium reserve is \$19,802,864, as compared with \$19,726,149. Capital is \$5,000,000 and net surplus \$58,142,149, as compared with \$62,314,404 at the year end. Premiums written for the first six months were \$9,701,759, premiums earned \$9,625,044, losses \$4,423,751, expenses \$4,559,705.

Fidelity-Phenix reports assets \$71,629,212 as compared with \$75,997,542. Premium reserve is \$15,657,704 as compared with \$15,466,927. Capital is \$3,750,000 and net surplus \$44,363,259 as compared with \$48,647,375. Premiums written for the six months were \$8,122,289, premiums earned \$7,931,512, losses \$3,739,347, expenses \$3,734,388.

National Union Fire has declared a regular dividend of \$1.50 a share and an extra dividend of \$1, both payable Aug. 14 to stock of record July 31.

Sussex Fire Is to Be Absorbed

Sussex Fire, which has been operating for the past several years under the underwriting management of Corroon & Reynolds, Inc., has now ceased writing direct business and will operate exclusively as a reinsurer. All policyholder liability of Sussex has been reinsured by American Equitable of the Corroon & Reynolds group.

Eagle Fire Owns Stock

Practically the entire common stock of Sussex Fire was acquired by Eagle Fire of New Jersey in 1930. The directors of Sussex Fire recommended that the company be dissolved and when that is completed, Sussex will have been reinsured by Eagle of New Jersey. Eagle is one of the prominent reinsurance companies of the country.

Corroon & Reynolds, Inc., has supervised the underwriting operations of Sussex Fire since 1934 under a leasing arrangement. Sussex was not a regu-

lar member of the Corroon & Reynolds group.

Sussex Fire as of Dec. 31, 1938 had assets \$1,711,741; premiums reserve \$306,086; capital \$1,000,000; net surplus \$344,737; premiums written \$294,365; losses \$129,606; expenses \$146,978.

Verbiest Launches Own Company

Announcement is made that C. M. Verbiest, who resigned recently as first vice-president of the various D. F. Broderick insurance enterprises, has now organized a company of his own, known as Northwestern Automobile of Detroit. It has been incorporated with capital of \$200,000 and net surplus of \$150,000, all of which has been paid in. Northwestern Automobile will write full coverage automobile business. Mr. Verbiest is well known to the business and much interest has been taken in what field he would enter, ever since resigning from the D. F. Broderick organization. Mr. Verbiest is especially well posted on automobile finance business.

In addition to Mr. Verbiest the incorporators are Otto G. Wismer, C. A. Parcells, John Endicott, W. W. Krag,

American Equitable Assurance Company of New York

Organized 1918

Capital \$1,000,000.00

Globe & Republic Insurance Company of America

Philadelphia, Pa.

Capital \$1,000,000.00

Established 1862

Knickerbocker Insurance Company of New York

Organized 1913

Capital \$1,000,000.00

Merchants and Manufacturers Insurance Company of New York

Organized 1849

Capital \$1,000,000.00

New York Fire Insurance Company

Incorporated 1832

Capital \$1,000,000.00

Sussex Fire Insurance Company

Newark, N. J.

Incorporated 1928

Capital \$1,000,000.00

United States Fire Department

Switzerland General Insurance Company, Ltd.

Zurich, Switzerland

Established 1869



Losses paid exceed

Two Hundred and Fifty Million Dollars

DEPARTMENTS:

CHICAGO

SAN FRANCISCO
KANSAS CITY

PHILADELPHIA
MONTREAL

PITTSBURGH

Corroon & Reynolds

Incorporated
INSURANCE UNDERWRITERS
MANAGER

92 William Street

New York

R. E. Sweeney and C. R. Pratt, all of Detroit.

St. Paul Reports at Mid-Year Mark

St. Paul F. & M. in its mid-year statement reports assets \$42,510,981. Premium reserve was \$9,343,004, an increase of about \$50,000 as compared with Dec. 31, 1938. Capital was \$10,000,000, reflecting the capital increase of \$6,000,000 that was effected after the close of the year. Net surplus is \$19,796,181 as compared with \$24,925,552 at Dec. 31. The decline is explained by the increase in capital. For the first six months of 1939, premiums amounted to \$5,941,315, a decrease of \$300,356, as compared with the same period last year. Assets increased \$888,290 and surplus to policyholders increased \$870,630.

The affiliated Mercury reports assets \$6,481,646, premium reserve \$1,945,315, capital \$1,000,000 and net surplus \$2,984,739. Premium writings were \$7,409 greater, premium reserve was up \$10,176, assets had increased \$265,862 and surplus to policyholders was greater by \$152,164.

Seip Is Named a Director

Harry L. Seip, head of the underwriting department of the Northwestern National of Milwaukee, who was elected vice-president and assistant secretary-treasurer last March, has been elected a director. Mr. Seip fills the unexpired term of Joseph Huebl, who resigned as vice-president earlier this year and is now retiring from the board. Mr. Seip has been with the Northwestern National for 38 years.

NEWS BRIEFS

The official title of **Halifax Fire** of the Home group has been changed to Halifax Insurance Company.

State of Pennsylvania has declared a semi-annual dividend of 6 percent payable July 12. With 7 percent paid in January, this makes 13 percent for the year.

American General and Ocean Marine have been admitted to Connecticut.

The **Occidental** of the Fireman's Fund group has voted the regular quarterly dividend of 30 cents a share, payable Aug. 15 to stockholders of record Aug. 5.

The **Ocean Marine** of London has been licensed in Ohio.

An extra dividend of 10 cents will be paid by the **Westchester Fire** of the Crum & Forster group Aug. 1 to stock of record July 21.

The **New Brunswick Fire** of the Home group will, in addition to a semi-annual dividend of 75 cents, pay an extra of 10 cents, both payable Aug. 1 to stock of record July 26.

Royal-Liverpool Fair Hosts

The Royal-Liverpool companies, at their New York head office, are serving as hosts in magnificent style to their agents and friends who are in the city for the New York fair. The headquarters occupy some 5,200 square feet on the 14th floor at 150 William street. There is an information desk, reception and writing room, ladies lounge, exhibit of sales and educational material and a miniature motion picture projection room. In that place has been installed television receiving sets where programs are enjoyed in a leisurely fashion.

There is a daily showing of motion pictures of points of interest at the fair and in the city. Thus a visitor can get a preview of what he desires to see. The movie of the fair in color was taken, edited and titled by R. W. Smiley, publicity superintendent.

One of the most interesting items in the advertising exhibit is "Traffik-I," which is used by the casualty companies in the group and was invented by one of their Chicago engineers. This is used for detecting violations of traffic rules by truck drivers.

The Malakoff Insurance Agency, **Malakoff, Tex.**, has been reorganized. The agency had been operated by Dan Royall, Paul Bankston and Maynard Fowler. Mr. Bankston withdrew recently. The new partnership consists of Mr. Royall and Don Irwin.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business July 24, 1939.

	Par	Div.	Bid	Asked
Aetna Cas.	10	4.00*	109	112
Aetna Fire	10	1.60	47	49
Aetna Life	10	1.35*	32	34
Agricultural	25	3.25*	77	80
Amer. Alliance ..	10	1.20*	22	24
Amer. Equitable ..	5	1.20	21	23
Amer. Home	10	...	8	9
Amer. (N. J.) ..	2.50	...	14	15
Amer. Surety	25	2.50	52	54
Automobile	10	1.30*	36	38
Balt. Amer.	2.50	.30*	7	7½
Bankers & Ship ..	25	5.00	93	97
Boston	100	21.00	620	640
Camden Fire	5	1.00	22	24
Carolina	10	1.30	29	31
Contl. Cas.	5	1.20	33½	35
Contl. N. Y.	2.50	1.80*	36	38
Crum & Forster				
Com.	10	1.00	32½	34
Employers Rein ..	10	1.60	49	51
Fidelity-Phen. ...	2.50	1.80*	37	38
Fire Assn.	10	2.50	66	68
Firemen's (N. J.)	5	.40	10	11
Franklin	5	1.40*	30½	32
Gen. Reinsur.	5	2.00	43	45
Glens Falls	5	1.60	39	41
Globe & Repub. ...	5	.50	11	12
Gt. Amer. Fire ..	5	1.20*	27½	29
Gt. Amer. Ind.	1	.20	10	11
Halifax Ins.	10	1.00**	23	24½
Hanover Fire	10	1.20	26	28
Hartford Fire ..	10	2.00	80	82
Hartford St. Boil.	10	1.60	57	59
Home Fire Sec. ...	10	...	1½	2½
Home Ins. (N.Y.)	5	1.60*	32	34
Home Indem.	3	...	11	13
Ins. Co. of N. A.	10	2.50*	69	71
Lincoln Fire	5	...	2½	3
Maryland Cas. ...	1	...	2¾	3½
Mass. Bonding ..	12.50	3.50	59	61
Merch. com. (N.Y.)	5	1.70*	44	46
Natl. Cas.	10	1.20*	30	32
Natl. Fire	10	2.00	62	64
Natl. Liberty	2	.40*	8¼	9¼
Natl. Union	20	5.00*	134	139
New Am. Cas.	2	.65	14	15
New Hampshire ..	10	1.80	46	48
Northeastern of				
Hartford	5	...	5	5½
Northern (N.Y.)	12.50	5.00*	100	105
North River	2.50	1.20*	25½	27
N. W. Natl.	25	5.75*	124	129
Phoenix, Conn. ...	10	2.50*	79	81
Preferred Acci. ...	5	1.00*	18	19
Prov. Wash.	10	1.40*	35	37
Republic, Tex. ...	10	1.20	26	28
St. Paul F. & M.	62.50	8.00	233	238
Security, Conn. ...	10	1.40	33	35
Sprgfld. F. & M.	25	4.75*	122	126
Travelers	100	16.00	465	480
U. S. Fire	4	2.00	53	54
U. S. F. & G.	2	1.00	22	24
Westchester Fire	2.50	1.60*	32½	35

*Includes extra. **Canadian funds.

Insurers Find They Are Keeping the Roofs Repaired

As a result of the experience with wind and hail losses during June and early July in the middle west, some of the companies are scrutinizing the records by towns. In some places the companies feel that they have been imposed upon; that assured took advantage of trifling wind or hail damage to get their roofs completely repaired. Although this tendency seems to be somewhat general, the companies find that it is pronounced in a certain few localities. Some companies have withdrawn from certain small places, where they feel they have been imposed upon. The blame is placed at the doors of agents, who take a generous attitude and encourage clients to get their roofs repaired at the expense of the insurer. This, of course, creates good will for the agent but creates an uninsurable situation for the company.

Wellington Potter to Speak

MINNEAPOLIS—Wellington Potter, Rochester, N. Y., agent, will be the headline speaker at the annual meeting of the Minnesota Association of Insurance Agents at Brainerd Sept. 8-9. He will speak the opening day on the problems of the local agent. P. H. Ware, chairman of the committee, said that the program is pretty well arranged and will include talks by R. W. Forshay, Anita, Iowa, representing the National association, John McGee, St. Paul, past state president and vice-president of the W. A. Lang Co., St. Paul, and George Teeson, Alexandria, Minn., president of the Insurance Federation of Minnesota.

Security Establishes Inland Marine Division

NEW HAVEN, CONN.—An important step in its program of complete



F. S. Bankhardt

service to agents will be completed by the Security of New Haven and affiliated companies Aug. 15 when an inland marine department will be set up at the head office.

F. Stuart Bankhardt, vice-president and manager of the marine department of Osborn & Lange, Chicago, will head the new

department as manager. Mr. Bankhardt, a native of California, is well known and brings to his new position a long and valuable experience in the inland marine field. Prior to his connection with Osborn & Lange, he was with the inland marine department of North America as special agent in several mid-western, southern and eastern states.

It is announced that this will in no way curtail the facilities nor interfere with the very friendly relations with W. H. McGee & Co., New York, who have represented the ocean and inland marine departments of the Security group for over 50 years.

Detroit Store Fire Loss May Exceed \$250,000

DETROIT—Preliminary estimates indicate that the aggregate loss in the Harry Suffrin, Inc., clothing store fire may be well over \$250,000. The building is reported to be underinsured, with loss exceeding the \$35,000 insurance by a large margin. Stock was insured under a reporting form and the estimated \$135,000 loss will be fully protected. Furniture and fixtures, specifically insured for \$23,500, will probably be a total loss. Improvements and betterments in the two buildings involved were damaged to about \$16,500 and were fully covered.

Use and occupancy insurance amounted to \$148,250 and a business interruption loss of perhaps \$40,000 is indicated, although it will be some time before this loss can be definitely determined. The fire started at 7:30 p. m. on July 22 and lasted for three hours.

Wants the Trade Mark Used

Wade Patton of Hutchinson, Kan., secretary Kansas Association of Insurance Agents, has addressed the Uniform Printing & Supply Co. of Chicago stating that Kansas members desire to know why the trademark of standard protection for capital stock companies cannot be imprinted on all policies as well as uniform forms.

Booklet on Flood Problem

"The flood problem in fire prevention and protection" is the title of a 115-page booklet issued by the National Board, prepared by a special committee of the advisory council of the committee on fire protection and engineering standards, of which E. F. Gallagher of the Ohio Inspection Bureau is chairman.

The book, after a general history of floods, devotes a section to the most effective means for combating the danger and the responsibility of individuals and communities in that connection. Zoning, flammable liquid storage, public utility and emergency codes, as well as suggestions for police and fire departments and public utility services are set forth. Free copies may be obtained by addressing the National Board in New York City, or its departmental offices in Chicago and San Francisco.

Ohio Agents Body Will Feature Two Commissioners

L. H. Pink, superintendent of insurance of New York, will be the principal speaker on the closing day of the annual convention of the Ohio Association of Insurance Agents, according to announcement by President L. C. Jones of Youngstown. The convention will be held in the Biltmore Hotel in Dayton, Oct. 16-18, and Mr. Pink will speak at the luncheon at noon on Oct. 18.

Invitation to speak at the same luncheon with Mr. Pink has been accepted by Superintendent John A. Lloyd of Ohio. The association has thus built the program for what the program committee calls its "Insurance Superintendents' Luncheon" which will be one of the outstanding features of the convention, with the New York and Ohio superintendents appearing jointly on the speaking program.

R. E. Willis, assistant secretary, said that further developments on the program would occur within the next few weeks and announcements would be made from time to time as invited speakers accept.

Pacific National's Coming Conference

SAN FRANCISCO—Plans are now being completed by officials of the Pacific National Fire for a conference of head office officials, department heads and field men from all parts to be held at the home office Aug. 1 to 5. Meetings are to be presided over by F. N. Belgrano, Jr., president.

Among those who will attend and who will have a prominent place on the program will be: W. L. Wallace, vice-president in charge of eastern operations; E. W. Bonstin, vice-president; R. J. Mayle, vice-president; W. A. White, vice-president; W. A. Waters, assistant secretary, manager of the eastern department at Philadelphia; W. L. Greenway, manager western department at Chicago; Howard Mankin, manager inland marine department, stationed at Chicago; Roy O. Elmore, assistant secretary, manager southern California department at Los Angeles; L. T. Waldron, secretary-treasurer; Assistant Secretaries D. J. Dunlevy, D. E. Eveleth; D. H. Parry, R. S. Smiley, F. F. Seitz; and Wayne Holmes, assistant manager inland marine department, stationed at San Francisco. The meetings will be attended by approximately 50 fieldmen and officials.

Prizes Awarded at Hartford

HARTFORD, CONN.—At a dinner the Insurance Institute of Hartford closed its 1938-39 season by awarding prizes to the three students in each course who received the highest averages based on examination, held in April. The season was a most successful one with some 370 students enrolled in three courses. Approximately 180 took the examinations.

President G. H. Loomis introduced Director John A. North, secretary of the Phoenix, who acted as toastmaster. Present at the dinner were Vice-presidents (Fire) J. C. McGurkin; (Casualty) E. S. Gledhill; (Inland Marine) F. B. Wrecks, who presented the prizes; Secretary G. A. Robinson and Treasurer A. D. Agogliata.

The other directors present were W. H. Wiley, president Hartford board; W. H. Hinsdale, assistant secretary of the National Fire; and James A. Hall, assistant agency secretary of the Travelers.

N. G. McAlpine and D. P. Hathaway have bought the McCarver interest in the McCarver & Lynn agency, **Ballinger, Tex.**, and will be associated with E. N. Lynn in the agency.

Missouri Rate Case Is Now Up for Hearing

(CONTINUED FROM PAGE 3)

The Ward-Coppage Mercantile Company of Caruthersville, Mo., filed application with the federal court in Kansas City Tuesday asking for an immediate hearing of its suit to recover the full amount of impounded premiums for itself and other policyholders. Last January the company filed suit as a policyholder, urging that the 1936 compromise was unfair and that former Superintendent O'Malley had no authority to settle the rate case and arrange distribution of the funds impounded.

The mercantile company's original petition against all the fire companies concerned sought to develop a class suit. Contention of the company is that its suit takes precedence over that of Superintendent Lucas because it was filed first. Also, it contends that its suit is an independent action in equity, and that the companies' defenses to the Lucas motions will not apply to the mercantile company action. The company's action represents the policyholders, while Lucas' does not, the company contends.

Companies File Motion

The fire companies on Monday filed a motion with the Missouri supreme court asking it to pass on the question of jurisdiction before other issues in the suit of Attorney-general McKittrick, who brought ouster proceedings against the companies. His suit contended that companies not only should return impounded funds to policyholders, but that the rate effected by the compromise settlement is illegal and the money represented by the difference between it and the old 1922 rate should also be refunded to policyholders.

In his motion Monday, Homer H. Berger, attorney for the companies, explained that the issues already were being considered by Paul V. Barnett, special master of the federal court in Kansas City.

McKittrick has asked the court to appoint a special commissioner to take testimony in the case.

Firemen's Publication on N. Y. Fair Is Most Valuable

The Firemen's group has published a handsome 56-page profusely illustrated history and outline of the New York fair. This publication takes the place of one of the regular issues of the Loyalty group's house organ. The first part of the publication deals with the history of New York while the balance is an outline of the fair with a paragraph or two for various features of especial interest, accompanied by splendid illustrations. Much care has gone into the composition of this work and it is decidedly worth while.

Keep Eye on Tutt & Duntley Suit

LOS ANGELES—The attorney general's office has been following the action for an accounting involving the Tutt & Duntley agency of Los Angeles in the superior court here. The case

has been on trial for several days and Superior Judge Brand is expected to hand down a ruling shortly. The partners of Tutt & Duntley had a disagreement and Duntley entered suit for an accounting. It appears that Tutt was to get 2½ percent of the commissions, the remainder going to Duntley. During the trial it was brought out that most of the business was that of the Pacific Freight Lines of which Duntley's father was president. Allegations were made that the brokerage firm was formed to handle this business.

The insurance department is interested because applicants for a broker's license must make affidavit they will transact a general business, that they are not seeking a license to write business of a single person or firm.

O. K. Pearl Montana Contract

Approval of the \$10,000,000 coverage on Montana state-owned property, issued by the Pearl Assurance, has been given by the Montana insurance commission.

Chris J. Muckerman, president of St. Louis Fire & Marine, has been at Burntside Lodge, Ely, Minnesota, for several weeks, and will enjoy the fishing there until the end of August.

New Hand-Book for Md., Del., D. of C.

The Underwriters Hand-Book covering Maryland-Delaware-District of Columbia has just come from the press of THE NATIONAL UNDERWRITER. This is the 13th edition of this book, which is the recognized reference book on these states insurance-wise.

This new edition brings up to date the data on insurance in this territory and contains the complete lists of all agents—fire, casualty and life, stock, mutual and reciprocal—as licensed by the various insurance departments. Not only are the names of the agents given, but the companies represented, members of the firm, date established, other business transacted, if any, and the address, so that, by glancing at the data for any town, one can have a very comprehensive picture of the insurance "lineup" there.

In the "Company Directory" section are listed the companies licensed to operate in the territory with information as to their officers, financial statements, home addresses, names of their field men, general agents or managers and the states in which they operate. In a separate section are given the names of

the fire field men and casualty and life general agents and managers arranged alphabetically for easy reference.

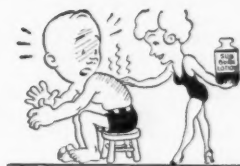
In the statistical section are found the fire companies premiums and losses for six years, casualty companies premiums and losses, classified by lines written, for two years, and the amount of life insurance paid for and in force for six years. Other valuable information is also included in this new edition, such as a resume of the insurance laws, town classification for fire protection, a showing of the special lines written by the various companies, lists of national and local organizations with officers and addresses, list of insurance adjusters and many other valuable features.

This hand-book covers all branches of the business and is a veritable mine of information. To those interested in insurance in these three states it is an indispensable tool for everyday use.

Bogert to Visit Coast Field

Vice-president Chester D. Bogert of the National Fire & Marine of Elizabeth, N. J., will arrive in Los Angeles Aug. 1, where he will look over the southern California field, and then, with T. V. Humphries, Pacific Coast general agent, will go to San Francisco.

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We ran a contest and letters came in from the east, west, north and south—good letters that really bring in the money via Uncle Sam.

These letters were judged for their merit by Irving Williams, veteran insurance editor, and three of his associates. The top ranking letters are now published in a twenty-four page booklet and distributed among our agents.

Since this booklet is being so enthusiastically received by Millers National agents it occurs to us that the readers of THE NATIONAL UNDERWRITER might also like to have a copy, so . . .

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Annual Session Plans Being Made

(CONTINUED FROM PAGE 3)

ment and as a tribute to the outstanding organization work he has done in that state. Mr. Boedeker is a past president of the Louisville Board.

Group 1 will treat fully this year the organization of county boards—reasons for their formulations, how to organize, holding interest, tie-in with state associations and numerous other angles.

National councillors who will preside over their respective group meetings Tuesday morning will be as follows: Ed. J. Cole, Fall River, Mass., eastern territory; McAlister Carson, Charlotte, N. C., southern territory; G. W. Carter, Detroit, middle western territory; D. B. Goldsmith, San Diego, Cal., far western territory.

S. O. Smith of Gainesville, Ga., chairman of the executive committee of the National association, will preside at the luncheon.

U. S. Housing Unit Fights Agents Proposal

(CONTINUED FROM PAGE 3)

bodies by requiring them to place insurance only with corporations licensed in the state could enact such a law, and the public housing agencies in that state would then be without power to place insurance with unlicensed corporations. Accordingly, the memorandum argues, this is not a field in which the states are powerless to act and where federal legislation is necessary to carry out a policy determined upon by a state. If limitations of this kind are to be imposed, the federal government, the memorandum argues should permit the states to take such action as they see fit.

The USHA contends that the amendment would discourage competition and increase prices.

Early in 1938 the USHA stated that it obtained a fire and extended coverage policy of a stock company on 44 PWA housing division projects. The premium was \$182,100 for a three year term. The premium was established by the various rating bureaus in the states in which the projects are located. The USHA then decided that lower rates should be obtained. The policy was canceled and a binder was obtained from the Stock Company Association which indicated that lower rates would be available. Negotiations were then undertaken with the Stock Company Association and with the factory mutuals. In April, 1939, the Stock Company Association submitted a bid that would result in a cost of about \$132,000 for a three-year term and the mutual companies submitted a bid of \$48,000. Both groups were requested to give the matter further consideration. The stock companies revised their bids so that it would result in a cost of about \$115,000. The mutuals stood on their bid.

Would Bar Factory Mutuals

The effect of the proposed amendment would be to make it impossible for the mutuals to write the insurance in all of the states where the project was located, the memorandum states. The factory mutuals are licensed in only about one-half of the states.

The USHA contends that there is no more necessity for regulation of public housing agencies on insurance than there would be for taking similar action with respect to cities, states and other public agencies that receive aid for public works projects, and other purposes from the federal government.

The amendment, according to the memorandum, would preclude the USHA from acting as a self insurer with respect to the projects owned by it, because the proposed amendment refers to "companies, associations or organizations."

Limiting the insurance to licensed companies is not necessary, according to

the memorandum, in order to assure solvency of the companies, because the USHA passes upon the financial responsibility of every proposed insurance company and the local agencies do likewise, nor, the memorandum argues, is it necessary to have licensed insurance in order to provide valid and enforceable contracts. Litigation is rare when one is dealing with a responsible company, the memorandum states. If litigation should occur and service of process was not possible in the state, the local housing authority could institute suit in the state or jurisdiction in which the insurer was incorporated. This might be an inconvenience to the local housing authority but it would not necessarily be an inconvenience to the USHA or to the bondholders instituting a suit to protect their interests.

The proposed amendment, the memorandum states, would result in requiring insurance to be placed only with companies authorized in the state, to the exclusion of all others. The memorandum argues that legislation of this kind might encourage other restrictions favoring local business men as against business men from outside the state. That would reduce competition and pave the way for establishing local monopolies.

Ten Percent Fire Rate Cut to Be Made in Texas

(CONTINUED FROM PAGE 3)

a town with \$1,500 to \$20,000 annual premium volume for a good fire record. Cities with \$20,000 premium volume or more now are permitted credits up to 25 percent.

The limitation on the smaller premium volume towns was adopted with the view of preventing violent rate fluctuations, he explained to the committee, and it would not be feasible to consider a change in smaller towns than that else it would become self-insurance.

"I believe we might be able to extend the maximum credit to towns with \$1,500 to \$20,000 premium volume," he said. "At least it is worth trying."

Complaints From Small Towns

Most of the members of the committee are from smaller towns and one of the causes of the complaints which grew into the inquiry was the extremely low loss ratio in some of the towns which were restricted to a 15 percent credit.

Mr. Hall testified Texas used the customary basis of 55 percent loss ratio, 40 percent for operating expenses and 5 percent for underwriting profit and in the past 25 years the Texas schedules had resulted in a loss ratio of approximately 53 percent, which he termed "pretty good guessing" for the commission in rate making.

Since the loss ratio jumped to 70 to 75 percent immediately after the depression, he said, business improvement brought a decline which pulled the ratio to as low as 30 percent in 1935. Since 1937, he continued, the curve has been flattening out.

Justness of Formula Questioned

Justness of the 55-40-5 basis of rating was questioned by Mr. Petsch who sought to determine if the Texas commission had conducted studies or had data to support it. Mr. Ruston testified the reports of companies operating in Texas for the five-year period 1934-38 showed an average expense ratio of 46.70 percent against the 40 percent considered in setting rates. Commissions amounted to 25.82 percent with local agents receiving 19.31 percent and general agents 6.51 percent.

Some of the other factors included Adjustment expense, 1.62; field supervision, 3.71; state taxes and fees, 3.12; checking office and forms, 1.02; loss on agents' balances, .12; prorata share of home office costs, 6.53; rents, 1.01; depreciation, .21; maps, .19; postage, .45; legal, .12; advertising, 1.10; federal taxes, 1.18; inspection service, .45, and miscellaneous, .45.

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insurable values to-
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tion in laymen's lan-
guage of the purpose
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OLD LINE STOCK FIRE, MARINE
AND AUTOMOBILE INSURANCE

Company Affiliations in West

THE complete list of stock fire companies operating in all or a part of so-called Western Underwriters Association territory, according to affiliations, corrected up to July 26, 1939, follows:

WESTERN UNDERWRITERS ASSN.

Aetna
Aetna Fire Und.
Agricultural
Albany
Alleghannia
Alliance, Pa.
Amer. Alliance
American Central
American Eagle
Amer. & Foreign
American Home
Amer. Nat'l, Ohio
American, N. J.
Am. Standard, Okla.
American Und.
Amer. Union
Anchor, R. I.
Anglo-Amer. Und.
Atlas
Atlas Und.
Atlantic, N. C.
Automobile, Ct.
Baltimore Amer.
Ben Franklin, Ky.
Birmingham, Pa.
Boston
British America
British Und. Agcy.
Brit. General
Br. & Fed. Fire Und.
British & For. Mar.
Caledonian
Caledonian-Amer.
Caled. Amer. Und.
California
Calif. Und.
Camden, N. J.
Capital, Cal.
Carolina
Carolina Und.
Central, Md.
Cent. States, Kan.
Cent. States Und.
Century
Century
Charter Oak Fire
Citizens, N. J.
City of New York
Colonial Fire Und.
Columb. Fire Und.
Columbia, N. J.
Columbia, Ohio
Commerce, N. Y.
Com'l Union, N. Y.
Com'l Union, Eng.
Commonw'lth, N. Y.
Connecticut
Conn. Und.
Constitution Und.
Continental
Continental Und.
County, Pa.
Delaware Und.
Detroit F. & M.
Detroit Nat'l
Dixie
Eagle, N. Y.
Eagle Und.
Eagle Star
Eastern Und.
East & West
Empire State
Empire State Und.
Employers Fire
English-Am. Und.
Equitable F. & M.
Equitable Und.
Excelsior, N. Y.
Exchange Und.
Export
Farmers, Pa.
Federal Union
Fidelity-Phenix
Fidelity & Guar.
Fire Ass'n
Fire & Marine Und.
Fireman's Fund
First American
First Kentucky
Forest City Und.
Franklin, Pa.
Franklin Nat.
Fulton
Georgia Fire Und.
Georgia Home
Gibraltar F. & M.
Glens Falls Und.
Globe Fire Und.
Globe & Rutgers
Granite State
Granite State Und.
Great American
Great Eastern Fire
Guaranty Und.
Halifax
Hanover
Hartford
Hawkeye & Des M
Und.
Hibernia Und.
Holland-Am. Und.
Home, N. Y.
Home Und.
Home F. & M.
Homeland
Homestead
Illinois Und.
Imperial
Ins. Co. No. Amer.
Ins. Co. State Pa.
Insurance Und.
Iowa
Iowa State Und.
Jersey Fire Und.
Kans. City F. & M.
Law Union & Rock
Liberty, Ky.
L. & L. & Eng.
London & Provin.
London & Lanc.
London & Scottish
London Assur.
London Und.
Louisville F. & M.
Lumbermen's
Manhattan F. & M.
Maryland
Mass. F. & M.
Mech. & Traders
Memphis Fire
Mercantile, N. Y.
Merchants, R. I.
Mercury
Mich. Com'l Und.
Michigan F. & M.
Middlewest Und.
Mid-West Dept., Ia.
Minneapolis F. & M.
Minnesota Und.
Natl. Amer., Neb.
National, Ct.
National Liberty
Natl Security, Neb.
National Union
Netherlands
Newark
New Brunswick
New England
New Hampshire
New Haven Und.
N. Y. Fire Office
New York Und.
Niag.-Detroit Und.
Niagara
N. B. & M., Eng.
N. Car. Home
Northern, Eng.
Northern Und.
North River
N. W. F. & M., Minn.
Norwich Union
Occidental
Ohio
Old Colony
Orient
Pacific Coast Fire
Palatine
Patriotic
Paul Revere

Pennsylvania Fire
People's Nat. Und.
People's Und.
Phenix Und.
Philadelphia F. & M.
Philadelphia Nat'l.
Phoenix, Ct.
Phoenix, Eng.
Phoenix Und.
Piedmont
Pioneer Und.
Protector Und.
Prov. Washington
Providence Und.
Provident Fire
Prudential, Okla.
Quaker City Und.
Queen
Queen City
Queen Und.
Reliable
Reliance, Pa.
Resolute Und.
Rhode Island
R. I. United Und.
Richmond
Rochester Amer.
Rockford Und.
Royal Exchange
Royal
Royal Und.
Safeguard
St. Paul F. & M.
St. P. Merc. Und.
Scottish-Met.
Scottish Und.
Scottish U. & N.
Seaboard, Md.
Seaboard F. & M.
Security, Ct.
Sentinel Und.
Southern Fire, N. C.
Springfield F. & M.
Standard, Ct.
Standard Marine
Star of N. Y.
Sun
Sun Und.
Tennessee
Transcontinental
Travelers Fire
Travelers Und.
Trinity Universal
Twin City
Union, Canton
Union, Eng.
Union, France
Union, Ind.
Union Marine
United Amer. Und.
United Firemen's
United States
United States Und.
Virginia F. & M.
Virginia Und.
Vulcan Und.
Washington Und.
Westchester
Western, Canada
Western, Kan.
Western Nat'l, N. D.
World F. & M.
Yorkshire

WESTERN INSURANCE BUREAU

Allegheny Und.
Ben Franklin Und.
Concordia
Dubuque
Firemen's, N. J.
Firemen's Und.
Girard
Girard Und.
Iowa Und.
Keystone Und.
Mechanics, Pa.
Mechanics Und.
Millers Nat'l
Milwaukee Mech.
Milwaukee Und.
Nat'l Ben Franklin
National Reserve
New England Und.
N. W. Nat'l
Northwestern Und.
Ohio Farmers
Pittsburgh Und.
Reserve Under.
Security, Iowa
Standard, N. J.
Superior, Pa.
Western Und.
Wisconsin Und.

NON-AFFILIATED

Allied, N. Y.
American Druggists
Amer. Equitable
American Fire, Tex.
Amer. Gen'l. Tex.
Associated F. & M.,
Cal.
Atlantic Fire, N. C.
Bankers & Shippers
Birmingham, Ala.
Buckeye Union
Buffalo
Church Properties
Cincinnati Und.
Com'l. Stand., Tex.
Columbian Nat. Und.
Dearborn Nat'l
Equity, Mo.
Eureka-Security
Federal, N. J.
Fid. & Columbia, Ky.
First National
General, Wash.
General, Trieste
General Schuyler
Globe & Republic
Great Eastern, N. Y.
Gulf, Tex.
Hamilton, N. Y.
Houston Fire & Cas.
Illinois
Indiana
Jersey, N. Y.
Knickerbocker
Meiji
Merchants, Colo.
Merchants, N. Y.
Merchants, Ind.
Merch. & Mfrs.
Monarch, O.
National, Colo.
National F. & M.
Nat'l Grange Fire
New York Fire
New Zealand
Northern, N. Y.
Pacific
Pacific Nat'l.
Pearl, Eng.
Pioneer, Ill.
Pioneer Equit.
Potomac
Preferred, Kan.
Quaker City F. & M.
Republic, Texas
Reserve, N. Y.
Rocky Mountain
St. Louis F. & M.
Sea
Security Nat'l
Service Fire
Southern Am., Tenn.
South Carolina
Standard, N. Y.
State Farm Fire
Stuyvesant
Switzerland Gen'l
Texas Nat'l.
Tokio M. & F.
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Utah Home
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McCormack Announces Policy as to Examinations

Commissioner McCormack of Tennessee has sent a communication to insurance companies, announcing his policy in connection with convention examinations. In his communication, he recalled that at the San Francisco convention of the National Association of Insurance Commissioners he supported a plan to reduce the number of zones for examination purposes from six to four, as suggested by Superintendent Pink of New York. This plan failed to carry and the result is that the former plan of six zones is still in full force and effect.

In order that he may comply with the Tennessee law requiring that all domestic and foreign insurers operating in

Tennessee be examined every three years, or at the will of the commissioner, Mr. McCormack states that he is installing a card index showing the history of all examinations filed with the Tennessee department. Whenever zone 3, which embraces Tennessee, is represented on an examination, this will be recognized as a full convention examination fully meeting the requirements of the Tennessee department. When an examination is held only by a domiciliary state, such report will be entered on the files as a state examination only and not complying with Tennessee requirements. Whenever one or more outside states are represented on an examination, but zone 3 is not represented, such report will be filed for information only and not complying with Tennessee requirements.

EDITORIAL COMMENT

Working on Collateral Lines

IN ALL reviews of the six months fire company business emphasis is placed on the fact that the collateral lines are responsible for premium income being maintained. In some cases there are increases, not so great but still enough to bring considerable satisfaction to executive hearts these days of reduced rates and a comparatively small amount of new business so far as straight fire insurance is concerned. The greatest contributors to the maintenance of premium income are automobile and inland marine.

The results should be conclusive proof to producers that the path of glory and

compensation leads to these collateral classes. Therefore, in devising a program of production insurance salesmen should keep constantly in mind the lines of least resistance, the sources of greatest income and those fields that are responsive to real effort. It is always well for a salesman to study his field very carefully, ascertain the most fertile and productive spots and map out his course accordingly. There are genuine possibilities in the collateral lines. They should not be overlooked by any live agent.

More and more they are contributing much to agency income.

Training of the Underwriters

THERE is much to be gained by companies training daily report examiners or underwriters to be competent and men of judgment. The most useful examiner, in our opinion, is one who endeavors to see whether a company can write a risk provided the moral hazard is favorable and is not looking for reasons why it should not be written. Too many underwriters develop a negative attitude and evidently are not sufficiently resourceful to discover ways and means of saving business.

It does not require much ingenuity in underwriting to handle a very acceptable offering. It does demand resourcefulness, knowledge and courage to take hold of a piece of business that on the surface appears undesirable but it can be gotten into shape where it can be written if changes and improvements are made. In this connection much depends naturally on the attitude of the policyholder.

If he is indifferent and does not appear interested in getting his property raised to acceptable standard then naturally an underwriter has no justification in extending coverage. If, however, the policyholder is deeply interested in making his risk truly insurable and will cooperate, then an underwriter can accomplish much and can conserve the business.

An intelligent, resourceful examiner or underwriter can be of great advantage to a company and to its agents. No company desires an underwriter who is reckless, extravagant in his ideas, extreme in his views and dares to take anything. There is a medium between the very aggressive and extremely bold underwriter and the unduly conservative one. The question that every underwriter should put to himself when he is scanning a report is "Can this risk be made acceptable and if so how?"

Throttle May Be Pulled Too Much

PERHAPS most well informed fire insurance observers will acknowledge there has been a change in the burning ratio and loss percentage due to motorization of fire departments, improved construction of buildings, more sprinklered property, more fire breaks, greater effectiveness in fire defense. The people are more fire prevention-conscious than they have been, due to work of the NATIONAL FIRE PROTECTION ASSOCIATION, the NATIONAL BOARD, state fire prevention associations, local agency bodies and the like. The possibility of a sweeping conflagration has been reduced. The country has enjoyed a comparatively low lapse ratio for a number of years.

Some underwriters, however, seem to have concluded that with the continuous lower loss ratio they can pull out the throttle and take greater chances on risks that are not up to standard and classes of business that heretofore have been more or less shunned. It is true that wide open companies have made money during the last few years by far more liberal underwriting. In our opinion, however, underwriters are not justified in taking such chances and running counter to economic and insurance experience. There is still need for conservatism, sound sense and good judgment in underwriting. Because of the change whereby the loss ratio has been kept at

a lower standard there can be readjustments of advantage to any company. However, to rely on the very favorable loss ratio continuing and affecting all classes of business up and down the line, in our opinion, is a false conclusion. The

path of experience is very well charted. Underwriters need to acknowledge the physical changes that have brought about improvements. We will still have fire losses in considerable frequency and severity.

Sauce for the Goose: Also the Gander

A LOCAL agent received a letter from the president of his county bar association calling attention to the statute of Minnesota which prohibits persons and firms not attorneys from drawing up legal instruments. He said the president sent this to all the local agents in the city. The local agents were interested in this particular letter. It is claimed by the local board that so far as is known there is no local agent in its jurisdiction that is impinging on the private preserves of

the lawyers. However, in going over the list of local insurance agents in the city it is found that there are three or four attorneys that are conducting insurance agencies and are, therefore, going beyond the scope of their profession. The agents take the position that if a statute prohibits insurance men from encroaching on the ground of the attorneys then the attorneys should likewise be required to stay out of the insurance business.

PERSONAL SIDE OF THE BUSINESS

W. H. Moore, Wichita, Kan., head of the Central Kansas Adjusting Company and executive secretary National Association Independent Insurance Adjusters, has returned home after visiting the eastern insurance centers in the interest of the association following its annual meeting in Washington, D. C.

The Board of Independent Fire Underwriters of Cuyahoga County is holding a golf tournament and outing at Grant Woods Golf Club near Cleveland Thursday of this week. Gardner Graydon is president.

Mary Jane Welsh, 18-year-old daughter of **W. J. Welsh** of Kansas City, president of the Missouri Association of Insurance Agents, suffered severe injuries to her back when she was thrown from a horse she was riding. She is at present hospitalized in Kansas City.

Ralph Woltersdorff, assistant western manager of Atlas, returned this week from a vacation trip to the west coast.

B. M. Culver, president of America Fore, and Mrs. Culver sailed Monday on the Gripsholm for a cruise to the Scandinavian countries. They are due to return to New York, Aug. 18.

Mrs. R. P. Osier, wife of the Iowa state agent of the Norwich Union Fire, suffered a fractured ankle in an automobile accident in Des Moines. Mr. Osier, who is wielder of the Iowa Blue Goose, was not injured.

F. J. Pocquette of Chicago, western representative of the Meserole companies, has gone to Oconto, Wis., to take part in the celebration of the 50th wedding anniversary of his parents, Mr. and Mrs. Armidas Pocquette on Friday of this week. The elder Pocquettes have been residents of Oconto during their entire married life. Mr. Pocquette is a native of Clarence Creek, Ottawa, Canada.

H. W. Klages, Chicago manager Chubb & Son, marine underwriters, is on a three-week cruise, most of which will be spent around Mackinac and the Snow Islands. Several guests will accompany him on this cruise. Mr. Klages owns his own auxiliary cruiser known as Se-Gal-K.

The boat was named after Mr. Klages by spelling the name backwards. Mr. Klages left Chicago the evening before the start of the Chicago-Mackinac race.

H. H. Hummel, Jr., son of **H. H. Hummel**, assistant manager Kentucky Actuarial Bureau, Louisville, has been awarded a scholarship for post-graduate work in chemical engineering at the University of Wisconsin. He is a graduate of the University of Louisville.

Robert M. Cunningham, vice-president of Marsh & McLennan and president of the Chicago Board, announces the marriage of his daughter, Janet, to Castle Freeman of Chicago. The marriage took place Saturday. Mr. Freeman is connected with the Commonwealth Edison Company.

John L. Clarkson of the Bartholomay-Darling-Clarkson Company of Chicago returned Monday from a trip abroad. He attended the International Chamber of Commerce meeting at Copenhagen, Denmark, as a delegate from the Chicago Association of Commerce, of which he is general secretary. Mr. Clarkson was recently elected president of the Union League Club of Chicago. He was accompanied by Mrs. Clarkson and his step-son. He spent a week or so in London and conferred with some of the London Lloyds groups there. He and his family sailed from New York, June 7, arriving at Southampton. They went from London to Hamburg, Germany, spending a week or so there, and following the chamber of commerce meeting put in some days in Paris.

Hervey W. Laird, formerly assistant secretary of the National Association of Insurance Agents, along with other activities is editor and business manager of "The Week in Lakeland," published every Saturday at Lakeland, Fla. It is a promotional project for the town, giving interesting business information and suggestions for tourists.

James Casey of the Mitchner agency, secretary of the Hutchinson (Kan.) Insurance Board, and **Denzil Lowe** of the Wade Patton agency, chairman of the fire prevention committee, are



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spending two weeks in encampment with Battery C of the 130 Field Artillery at Fort Riley, Kan. Both are lieutenants and this is their 14th and 15th year respectively at the camp.

Milton Welsh, Jr., of the Groves Brothers agency, Kansas City, is seriously ill in St. Luke's hospital, following a brain hemorrhage.

Walter Plangman, of Little Rock, special agent for American of Newark, and Mrs. Plangman announce the arrival of a son, named Paul, at St. Vincent's Infirmary, Little Rock.

Robert C. Hosmer, president of Excelsior of Syracuse, with Mrs. Hosmer has just returned from a seven weeks trip to Europe. Mr. and Mrs. Hosmer sailed from Boston May 27 and returned by way of Montreal.

E. C. Hauser, Milwaukee, engineer North British, is enjoying fame as a fisherman. Recently he landed the largest lake trout on record at Port Washington, Wis., 21½ pounds.

J. Ralph Wilbur, former western manager of America Fore, is in critical condition in a hospital. He suffered two strokes and a brain stricture and his condition is decidedly unfavorable.

DEATHS

E. M. Schenck, 48, a partner in Schenck & Mebane, general agents of Greensboro, N. C., died there after an extended illness. He had been in poor health since he was seriously injured in an automobile accident about four years ago. Mr. Schenck, who graduated from Roanoke College and attended the University of Virginia, started insurance work in 1911 with McAlister, Vaughn & Scales of Greensboro. Later he became special agent in Virginia, North and South Carolina for the Rhode Island Fire, and subsequently was special agent of the Royal in North Carolina, and with the Dixie Fire. He became secretary-treasurer of Schenck & Mebane in 1927.

John Burke, who had been in the insurance business in Texas 38 years as local agent and adjuster, died in a hospital at Dallas at the age of 68. He operated a local agency at Fort Worth until 1913 when he joined the general agency in Houston that is now Cravens, Dargan & Co. Two years later he moved to Dallas as adjuster for Cravens, Dargan & Co. and was a partner in the Southwest Adjustment Company.

George P. Nichols, 58, president of the brokerage house of Gaines, Silvey & Nichols, a past president of the Insurance Brokers Association of New York, died suddenly last Friday. He had been in the brokerage business since 1899.

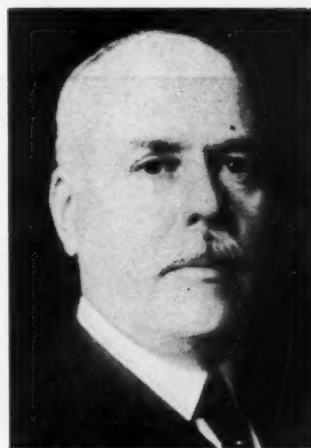
Asa Barber, 60, Des Moines, who died in Des Moines, had a record of more than 25 years in insurance work in Iowa. He was a special agent in Iowa and Missouri for the hail department of the Home. He had been ill since May 29.

W. F. Roberts, vice-president of the insurance brokerage firm of Bayly, Martin & Fay, died suddenly at his San Francisco home. He became associated with the firm about eight months ago.

Tracy Mills died at his home in Pine Bluff, Ark. He was formerly a member of the R. H. M. Mills & Sons agency of Pine Bluff, one of the oldest agencies in Arkansas at the time it was sold in 1931.

C. H. Anderson, Hannibal, Mo., formerly special agent of the Northern Assurance, who retired on a pension in 1924, died July 17, being in his 80th year. He had been in ill health for some months, his death being caused from complications following an operation. He was a member of the Society of Life Members of the Fire Association of the Northwest, dating from 1897. He was born Oct. 20, 1858, at Hannibal and was a telegraph operator and railroad man from 1878 to 1885. In August 1886, he became a solicitor in a local agency's office in Hannibal. He started a local agency there with the Providence-

St. Louis Leader Celebrates 80th Birthday



GEORGE D. MARKHAM

George D. Markham, senior partner of W. H. Markham & Co. agency of St. Louis, celebrated his 80th birthday Tuesday of this week. He entered the agency of his father, W. H. Markham, in 1881, after graduating from Harvard University and his active interest in the business in general has continued throughout his career. He is in splendid health and maintains regular office hours. According to his usual practice, he is spending the summer at Dublin, N. H., where he maintains a summer home.

Mr. Markham served as president of the National Association of Insurance Agents from 1900 to 1902. From 1922 to 1928 he was a member of the advisory committee on insurance of the U. S. Chamber of Commerce. From 1931-33 he served as director representing insurance on the U. S. Chamber of Commerce. He is a member of the board of the Insurance Institute of America. In 1928 he was awarded the Woodworth Memorial testimonial of the National Association of Insurance Agents at the West Baden convention. He was one of the group that attended the organization meeting of the National association in Chicago.

Washington and Clinton and later formed a partnership with the W. R. Gannaway agency in 1888. He started with the Northern in April 1891, traveling in Illinois and Missouri. In 1894 he was transferred to Missouri, Kansas and Nebraska and later the field was extended to include the Black Hills section of South Dakota, also Indian territory. He participated in the adjustment of losses in the San Francisco conflagration in May 1906.

Harold A. Logan, special agent for New York Underwriters at Seattle, died at the age of 39. He had been with New York Underwriters just about a year. Previously he was connected with a general agency in Washington.

Ray W. Kretschmer, 61, Council Bluffs, Ia., local agent, was found dead at his desk. He had been in poor health for some time.

See Defeat of Amendments

WASHINGTON.—Though consideration is still being given by the joint congressional committee of senate and house to the amendments to the social security act, which would bring all salesmen working on a commission basis (including insurance agents) within its scope, confidence is still expressed that the effort will be defeated, supporting the position taken by the senate finance committee.

Cecil Carruth, who has been associated with G. W. Johnson in the Rigney Insurance Agency, Harlingen, Tex., has bought Mr. Johnson's interest in the agency and will change the name to the Carruth Insurance Agency.



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The NATIONAL UNDERWRITER

July 27, 1939

CASUALTY AND SURETY SECTION

Page Fifteen

Machinery Classes and Rates Changed in Manual Revision

Four Business Classes in New Setup, U. & O. and Outage Affected

The National Bureau of Casualty & Surety Underwriters has revised the boiler and machinery manual to show revised rules, classifications and rates for internal combustion engines and reciprocating compressors and pumps of the internal combustion type. Four industrial classifications have been established for these engines, with premium differentials. In case of direct damage insurance, there is now a premium distinction between machines using gas and those using liquid fuels. Machines with open cooling systems and using gas fuel take the highest rates under these classifications. A differential by horsepower capacities has also been established. The old distinction between machines manufactured before and after 1925 has been eliminated.

For certain deductible amounts, the reduction for deductible liability has been increased. Use and occupancy and outage rates have been revised to vary with the four principal industrial classifications.

Makeup of Classification

The new rates include both increases and decreases, but in general machines of medium or large size in plants coming within classification 1 take reduced rates, while risks taking the other three classifications will be increased. The businesses coming under classification No. 1, are power plants, public service, including central stations, lighting plants, electric railway plants, gas plants and water plants; pumping plants and waterworks, including irrigation projects, water treatment plants, sewage disposal plants and pumping operations; printing, lithographic, engraving and book binding and buildings used for other than manufacturing purposes. In this last class the manual lists banks, office buildings, stores, warehouses, storage houses except cold storage, hotels, clubs, apartment buildings, residences, except country estates, hospitals, theaters, motion picture houses, lofts, churches, institutions, colleges, libraries, schools, restaurants and observatories.

New Use for Reward Draft

A new use for the bureau casualty companies' safe driver reward drafts was found by a motorist who was arrested for speeding in Grand Forks, N. D. When he was fined in traffic court, the man produced a safe driver reward draft for \$5.02, which just satisfied the fine. Newspapers publicized the incident.

Buyers' Group Analyzes the Non-Ownership Peril

The insurance committee of the National Electrical Manufacturers Association of New York has published another valuable new treatise on coverage and hazards in a particular field. The new publication treats automobile non-ownership liability. It is a competent and thorough analysis and one that should be most helpful to the members.

The last bulletin of the NEMA insurance committee created much attention, it being on the subject of strikes, riots, etc. William C. Babbitt is secretary of the insurance committee. Copies are available at the rate of 20 cents each and prices in quantities over 10 are furnished on application. National Electrical Manufacturers Association is located at 155 East 44th street.

Company Non-Owned Cars

Mounting claims and court awards have impressed most employers with the importance of insurance covering their possible liabilities to the public for bodily injury and property damage arising out of the use of automobiles, the bulletin observes. Employers generally carry such insurance with respect to company owned automobiles but the extent of liability in connection with the use of company non-owned automobiles on company business is not nearly so well recognized nor so adequately handled.

Automobile nonownership liabilities exist in most manufacturing concerns in connection particularly with:

1. Employees' automobiles used on company business: (a) regularly (salesmen-owned automobiles, etc.); (b) occasionally (to do errands, etc.).
2. Agent or representative (direct or indirect) who, in representing the concern in a service, sales or other capacity, uses an automobile.
3. Hired automobiles (passenger or trucks), by the employer, or by an employee for use on company business.
4. Borrowed automobiles, by the employer, or by an employee and used on company business.
5. Employee uses employer's non-owned car to carry other employees (e. g., to take a sick man home; to take others to a meeting; to another place of work).
6. Trucking service (local and long distance).

Nature and Relative Importance

The practical problem is to determine the nature and relative importance of these risks, to determine whether any such risks should or can be reduced or eliminated and to determine the need or lack of it for special insurance protection.

The bulletin points out that the fact that the employer does not own his automobile, did not give specific authorization for the use to which it was put, or might positively have refused to permit such use had he known of it, does not relieve him of liability to the public.

The major source of non-ownership liability for employers usually arises from employee-owned automobiles, according to the bulletin. Regular use,

such as by salesmen, field inspectors, or supervisors, service men and others who have frequent occasion to travel is easily recognizable. There is also an important unknown hazard, for an employer never knows when, perhaps as a favor or in an emergency any employee may use his own or another's automobile on what may be construed as his employer's business.

Employer-Employee Status

Then there is the unknown hazard rising out of the direct or indirect agent or representative of the concern in a sales, service or other capacity, using their automobiles. Often where the concern may think of such persons as being independent contractors the courts have found an employer-employee or master-servant status to exist and held the concern liable.

No one can say with any positive assurance whether the employer would be held liable under any hypothetical set of circumstances. The law varies considerably among the states and in the final analysis it is the jury that decides.

The bulletin suggests a method of reducing the non-ownership risk. One obvious way is to develop rules restricting or prohibiting the use of employee-owned cars on company business. Certain typical rules are suggested by the bulletin. However, the author states that much care must be taken in drawing the rules and in seeing that they will reach the attention of all employees, present and future. If an employee disobeyed such rules and the public suf-

(CONTINUED ON PAGE 24)

Program Announced for Counsel Muster

The International Association of Insurance Counsel, which will hold its annual meeting at the Homestead, Hot Springs, Va., Aug. 30-Sept. 1, has announced its program. P. H. Eager, Jr., Jackson, Miss., will give an address at the first session on "Responsibility of Charitable Institutions for Tort." At the afternoon session the first day R. W. Shackleford of Tampa, Fla., will present a paper, "The Recent Upheaval in Federal Jurisprudence and Procedure." (The Erie case, federal declaratory judgment and the new rules).

A. D. Christian, Richmond, Va., will have as his subject "Countersignature Laws."

Insurance Superintendent R. B. Lucas of Missouri will speak the second morning as will Ray Murphy, assistant general manager Association of Casualty & Surety Executives. He will talk on "Compulsory Automobile Insurance and Financial Responsibility Legislation." At the banquet the principal speaker will be Malcolm McDermott, professor of law and director of legislative research, Duke University. He will speak on "Insuring the Frontiers of Freedom." On the final day R. N. Caverly, vice-president Fidelity & Casualty, will talk on "Historical Background of Casualty & Surety Business."

Bureau Offers Coverage for Guests in Car

Medical and Funeral Reimbursement Form Is Now Made Available

After several years of deliberation and after a few individual companies have made some limited experiments in the direction of medical and funeral expense reimbursement for occupants of cars insured for auto P. L., the National Bureau of Casualty & Surety Underwriters this week made available such coverage in 27 states. This step was immediately hailed as constructive and the first response from the field was decidedly enthusiastic. It is likely that producers will seize the opportunity to sell this coverage to as many clients as possible, thus helping to offset the effect of the recent automobile P. L. and P. D. rate reduction. It is interesting to know that one of the non-bureau companies that introduced an endorsement of this kind in Ohio a few months ago reports that 75 percent of its new business includes this coverage for guests.

The joint committee on the standard automobile liability policy has had this provision under consideration for some time. It has considered going even farther and recommending a form of endorsement that would provide some measure of relief to those injured or on account of those killed in automobile accidents, regardless of fault on the part of the motorist and regardless of whether they were occupants of the car.

Obstacle Is Surmounted

One consideration that has tended to throw cold water on such a move has been the position of certain states that this type of guest coverage is in reality personal accident insurance and accident policies must have the signature of the assured and must carry the standard provisions.

The obstacle presented by the consideration that the coverage is like personal accident insurance, is surmounted, at least insofar as the endorsement subject to execution of release is concerned, by the fact that the assured is assuming a liability and the company is insuring that liability. It is comparable to so-called side track agreements. When that conception of the coverage is made clear, insurance departments that have had doubts about its validity have consented to its use.

The new coverage will be introduced in the remaining states as soon as approval can be obtained from the supervising officials.

The coverage includes all medical, surgical, hospital, nurses, funeral and burial expense up to the limits of the endorsement.

(CONTINUED ON PAGE 24)

Underwriters Need Uniform Air Carrier Liability Law

In a review of the law of aviation as applied to insurance delivered at the insurance section of the American Bar Association at San Francisco, W. R. McKelvy of Seattle outlined the development of the law of the air and the various theories for determination of the liability of carriers. He urged uniformity in legislation and application, both nationally and internationally, and recommended general adoption of the principles of the Warsaw convention in 1929.

The growth of aviation has made it difficult for the law to keep pace. The law merchant and the law governing the insuring of risks represents a development of centuries of commerce, with attendant stability and well defined principles, while aviation is only a generation old. Federal comprehensive regulation of civil aviation has only recently become an accepted principle and there is still some diverse opinion that the states should control. International complications are well illustrated by the fact that the trans-Pacific route was established with little difficulty because the stations are all under one flag, whereas the more important north Atlantic route has been delayed more by international legal problems than by physical and scientific difficulties. Insurance can be written against liability risks only where assured will operate under reasonably uniform conditions. The future development of aviation will depend upon uniform safety standards and uniform tests of negligence and liability.

Right to Use Air

Discussing the development of air law, Mr. McKelvy pointed out that as early as 1822 the old doctrine that a person's ownership in land extended from the center of the earth to the heavens was rejected by a New York court in a case involving a balloon accident. Today the right to operate aircraft is predicated upon license and it is generally recognized that Congress has a right to legislate with respect to all use of the navigable air space of the United States. The right of flight over international boundaries is dependent upon the consent of the country over which the flight is made and subject to conditions imposed by that country. Among the laws involved in international flight are those relating to immigration, customs and public health. Although attempts have been made to place air navigation within admiralty law, as late as May, 1939, in the case of *Dollins vs. Pan-American Grace Airways*, a federal district court in New York rejected this contention.

In 1919, the American Bar Association recommended that aviation be brought under admiralty jurisdiction. It was not until 1926 that the first federal air commerce act was passed and at that time the admiralty theory was discarded and the power to regulate interstate and foreign air commerce was vested in the Department of Commerce. In 1938 the civil aeronautics act created a non-political agency with judicial and administrative powers and gave the Civil Aeronautics Authority very broad regulatory powers over commerce, safety regulation, operation of carriers, training and working conditions of pilots and other employees, flights, navigation, altitude and other operations. The Civil Aeronautics Authority accordingly has laid down elaborate rules for both commercial and private planes. Some of the air traffic rules are more comprehensive than the laws regulating motor traffic on highways. Investigation of accidents and making recommendations for the prevention of accidents have been vested in the Air Safety Board.

No serious consideration to international law of the air was given until after the war, Mr. McKelvy continued. Hard as the Versailles treaty was on Germany, it recognized the exclusive sovereignty of Germany over the air

space above it, although compelling the German government to give its consent to flight by allied aircraft over this territory. At Paris in 1919 a convention which the United States never ratified expressly recognized the complete and exclusive sovereignty of each country in the air above its own territory and territorial waters. In 1927 the International Air Congress at Rome recognized the theory of absolute liability of air carriers and submitted a plan for insuring of carriers to respond in damages. The Havana convention of 1928 adopted the identical language of the Paris convention regarding the exclusive jurisdiction of each country over its own air space and the United States became a party to this convention in 1931.

Warsaw Convention Most Important

The most important convention was held in Warsaw in 1929, under the auspices of the International Technical Committee of Juridical Experts on Aviation. The United States was not represented at this convention, but became a party to it in 1934. Approximately 34 countries, including the United States, Brazil, Mexico and every European state except Portugal, have become parties. It defined the rights and relationships of passengers, shippers and carriers in international air transportation, including rights and liabilities in the event of injury and loss. The rule of law adopted by this convention is that an air carrier is liable for injury or death of passengers, damage and destruction of goods and damage caused by delay in transportation unless the carrier proves that it took all necessary measures to avoid damage or that it was impossible to take such measures. The claimant need only prove that the accident occurred and caused the damage. The burden of proof is then upon the carrier to show due diligence. The convention also adopted a specific limitation of liability at approximately \$8,000 for each passenger and a limitation of liability on goods, with permission to contract for a greater liability. It provided that clauses in bills of lading and tickets frequently used by European air lines to limit the carrier's liability to proven negligence would be invalid.

Later international meetings on this subject were held at The Hague in 1930, Rome in 1933, Brussels in 1938 and Paris in 1939. The United States has participated in some of these meetings but has not ratified any since the Warsaw convention. Matters discussed at the later conventions included liability in cases of salvage and assistance at sea and in unification of rules relating to damages caused by aircraft to persons on the surface.

Rules of Liability

Mr. McKelvy pointed out that there are three proposed rules of liability for aircraft carriers; the absolute liability rule, under which the carrier would be an insurer of safety of persons and property of transports; the rule of "res ipsa loquitur," which would establish a presumption of negligence from the occurrence of an accident and the rule of the Warsaw convention, which would require the carrier to prove that he had taken all reasonable precautions.

The absolute liability rule was recognized by the Rome convention and was incorporated in the air navigation act of Great Britain in 1936. It is also part of the proposed uniform state air code. Mr. McKelvy criticized this rule as imposing an unwarranted burden on carriers and stated that it has not been favorably received by the American courts.

The "res ipsa loquitur" rule has been applied by some American state courts, but the majority of American courts, including the federal tribunals, have been opposed to it, holding to the theory that

Industrial Activity, Accident Frequency

Industrial activity increased in June and reached the highest level since September, 1937, according to the index of industrial accidents maintained by the Lumbermen's Mutual Casualty of Chicago. After allowing for the normal increase in the number of accidents between May and June, countrywide accidents increased by 4.2 percent during the month. As compared with June, 1938, this countrywide increase amounted to 35.3 percent. The greatest increase was shown on the Atlantic seaboard where the index was up 43.4 percent over June, 1938. The middle west showed 34.7 percent increase, while the increase on the Pacific coast was 3.8 percent.

a person assumes the natural risk of air transport when he uses this method.

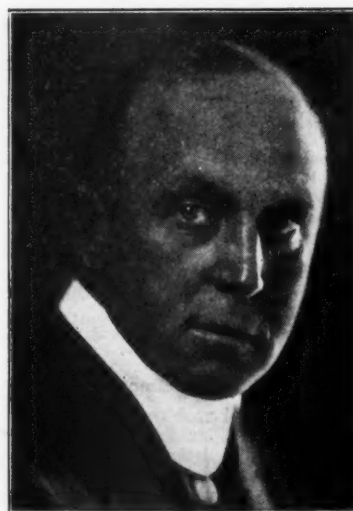
The rule of the Warsaw convention appears to be the fairest law to all parties concerned and Mr. McKelvy recommended its adoption by federal statute. There is no question but that the federal government has complete jurisdiction of interstate air commerce, but today there is no legislation on the liability of carriers. The result is that the law of the state where the accident occurs governs in aircraft accidents and consequently aviation underwriters are confronted with a multiplicity of laws and are gambling as to where accidents will happen.

American courts uniformly will not enforce provisions in tickets and bills of lading contracting away the liability of carriers, although many foreign courts do so.

Gooby with Mass. Bonding

Harry B. Gooby has been appointed agency supervisor for western Ohio by Massachusetts Bonding with headquarters in the Citizens Building, Cleveland. Mr. Gooby was with Travelers in Toledo and Columbus for a number of years and for the past five years was manager of the liability, burglary and plate glass departments of Buckeye Union Casualty at Columbus.

Toastmaster DeLuxe



CHARLES H. BURRAS

Charles H. Burras, president of Joyce & Co., Chicago, secretary National Association of Casualty & Surety Underwriters, president of the noted Forty Club of Chicago, brilliant and versatile after dinner speaker and toastmaster, presided at the dinner of the big insurance field day at Olympia Fields, Tuesday, sponsored by the Insurance Brokers Association of Illinois.

Roth Soon to Take His New Position

Goes from Towner Rating Bureau to the Surety Association

NEW YORK.—E. Vernon Roth, newly appointed assistant secretary of the Surety Association of America, will assume the duties of the office about the middle of next month, intending meantime to take a short vacation, in the course of which he will visit the Pacific Coast, and perhaps stop at some inter-



E. VERNON ROTH

mediate centers. For the past 15 months he has been assistant secretary of the Towner Rating Bureau, his release from the organization having been assented to by President M. W. Lewis at the solicitation of the executive committee of the Surety Association, of which A. F. LaFrentz, president of the American Surety, is chairman.

Mr. Roth's Career

A lawyer by profession, Mr. Roth has had an extended and valuable training in surety underwriting. He started with the Fidelity & Deposit, first in its contract and judicial departments, and subsequently in field claim work. Later he was with the London & Lancashire Indemnity, National Surety, and with the Ocean Accident and Columbia Casualty. He was with the last two companies 14 years, resigning as manager of their bonding departments to join the Towner organization in March, 1938.

With a company membership of close to 50 and its work steadily increasing both in volume and in importance, the Surety Association's executive committee appreciated that competent aid should be afforded for Secretary R. R. Gilkey in administering its affairs.

A further forward move determined upon for the association has been the engagement of enlarged quarters in the New Amsterdam building, 60 John street, which are being arranged to accommodate its needs.

Combination Form Selling Well

The Indemnity of North America's new all-in-one travel policy covering hold-up, personal effects, personal accidents and personal liability is selling well in the smaller cities in the midwest. The premium is \$18.75 for two months and \$12.50 for one month. Insuring a carefree visit to the fair is the main sales idea being pushed.

A. M. Sanders & Co., a Maryland corporation, headed by Allard M. Sanders of Washington, D. C., has been licensed to operate an insurance agency business in Virginia with principal office at Arlington in charge of C. L. Hill.

Seek Restoration of Commissions on Compensation Lines

Casualty Acquisition Cost Conference Hears Plea of Producers

NEW YORK—Members of the Casualty Acquisition Cost Conference at a special meeting here Tuesday heard arguments from representatives of national, state and local agents and brokers organizations for the restoration of commissions on workmen's compensation business in New York state to the former scale of 17½ percent to general agents and flat 10 percent to producers; which figures had been reduced to 15 percent and 8½ percent respectively, at the suggestion of the insurance department when it sanctioned revised rates for the line in 1935.

The plea put forward on behalf of the business-getters was that the present allowance was wholly insufficient with which to defray the cost of soliciting and servicing risks, and that in fairness to the men on the firing line the rate of compensation previously allowed should again be paid. The upshot of the gathering, wholly friendly in tone, was decision of the company men to refer the matter to the actuaries for analysis of the factors involved with the thought they might be able to evolve a plan which would prove mutually acceptable to all parties at interest.

Prominent among the producers attending and participating in the general discussion were: J. T. Harrison, representing the National Association of Casualty & Surety Agents; J. B. Miller, assistant secretary National Association of Insurance Agents; H. W. Schaefer, president National Association of Insurance Brokers; R. M. L. Carson, president and Albert Dodge, New York State Association of Local Agents; A. J. Smith, president Association of Local Agents of the City of New York; E. P. Veitch, chairman compensation insurance committee Insurance Brokers Association, and G. F. Sullivan, president General Brokers Association. Overcome by the extreme heat, Mr. Veitch fainted just as he concluded a well prepared address, several minutes elapsing before he was revived.

Claim Group to Meet Aug. 9

The executive committee of the International Claim Association will meet in New York City Aug. 9 to complete plans for the annual meeting Sept. 11-13 at the Westchester Country Club, Rye, N. Y.

Presiding will be D. J. Reidy, Guardian Life, New York, head of the executive committee. A. G. Fankhauser, Continental Casualty, Chicago, association president, will attend.

An extra large turnout is expected at the annual meeting because the meeting place is not only close to New York City but also to New England companies. This convention is always well attended, there being from 200 to 250 delegates and guests present every year.

The chairman of the program committee, G. M. Day, assistant manager claim department Connecticut General Life, announced that H. C. Walters, attorney of Detroit, will speak on "The Materiality of Misrepresentations." A medical question box is to be conducted by "Bill" Smith of the Connecticut Mutual. S. B. Houck, member of the standing committee of the American Bar Association on the unauthorized practice of law, also will speak.

Receiver Loses Fight to Refrain from Assessing

At the insistence of Commissioner Harrington of Massachusetts, Judge Lummus in Boston entered an order for the collection of assessments from policyholders of the defunct Canton Mutual Liability. L. R. Chamberlin, who had been the receiver, took the position that the cost of seeking to make the assessment would exceed what could be actually collected. In view of this opposition to spreading an assessment, the court appointed Harrington as the receiver and Chamberlin was discharged.

Chamberlin said that assets of Canton Mutual amounted to \$6,800 consisting of \$1,500 in cash, four automobiles and office furniture. Harrington contended that the assessments should be made because the state legislature has refused to take action that would permit mutual companies to issue nonassessable policies.

The house committee on rules of the Massachusetts legislature has reported, in expanded form, the resolution that was introduced for an investigation of the circumstances of the licensing of Broad Street Mutual Casualty of Boston, now in receivership. The committee's report provides for an investigation of the licensing of some 10 mutual companies during the past 15 years, nine of which have failed. Those nine are: Car Owners Mutual of Boston, Bristol Mutual Liability of New Bedford, Independent Taxicab Owners Mutual of Boston, Motors Mutual of Boston, Massachusetts Mutual of Quincy, Trade Mutual Liability of Boston, Commonwealth Mutual of Boston, Canton Mutual and Broad Street Mutual.

Guest Laws May Not Apply in Loss of Service Suits

A possible loophole in the guest laws of most states was described by Lowell White, Denver, at the insurance section of the American Bar Association at San Francisco. Mr. White's discussion was concerned with actions brought by parents or spouses of injured parties for loss of services and those brought by heirs or personal representatives of deceased accident victims.

The usual guest statute states that no person transported by the owner or operator of a motor vehicle as his guest without paying for transportation shall have a cause of action for damages against the owner or operator for injury, death or loss, unless the owner or operator is guilty of gross negligence, wilful and wanton conduct, intoxication or some such wording. Mr. White related that in a case in which he was defending a suit by the parents of a deceased guest, the supreme court on appeal ruled that the guest statute did not apply to this case because the parents, who were suing, had not been transported.

In the case discussed by Mr. White, the opinion was withdrawn on rehearing and the courts of other states have maintained that a person suing for loss of services has no better right to recover than the injured party himself would have. However, there are dissenting opinions in Connecticut and Michigan cases in which the dissenting judges maintained that the right to sue for injury to oneself and the right to sue for loss of services are distinct actions and that statutes specifically referring to the injured person may not apply to parents or spouses. It is ridiculous, Mr. White pointed out, to contend that if a father happens to be riding as a guest in the same automobile with his child and the child was injured he would have to prove wilfulness and wantonness or gross negligence to recover for loss of the child's services, whereas if he were standing on the curb and watching the accident he would have to prove only simple negligence. However, the door is open for at least theoretical discussion

New Chairman



THOMAS HOOK

Thomas Hook, superintendent of the accident and health department of the Standard Accident, who becomes governing committee chairman of the Bureau of Personal Accident & Health Underwriters, is celebrating his 44th anniversary with his company. He went with the company in an accounting job. Shortly after that he was placed in the accident department and has been connected with that division ever since. He is widely known in the accident and health field.

Mr. Hook has served on the governing committee of the bureau for many years and has delivered many instructive and educational papers on accident and health underwriting and production before the group. He is a member of the Accident & Health Insurance Week general committee. He has some hobbies in the way of sports, enjoying particularly billiards, bowling, baseball and fishing. He has a summer home at Marine City, Mich.

Self-Insurer Left Families Helpless

LOUISVILLE—The recent mine disaster at the Duvin Coal Company plant near Providence, Ky., in which 28 miners were killed as the result of an explosion, brings to mind the weakness of self-insurance. This concern carried no workmen's compensation insurance. Under the workmen's compensation law of Kentucky the workmen's compensation board requires a statement from self-insurers which is supposed to give enough information to enable the members to decide whether one could qualify for self-insurance. If the board feels that it cannot, then it can require a bond. Politics, it is said, plays an important part often in getting waivers for concerns that should not be allowed to self insure.

The Duvin Coal Company evidently has blown up and therefore the families of the killed miners will get no compensation benefits. There is sufficient legislation in Kentucky if the workmen's compensation board will use it. The board can exact a rigid enough standard so that only concerns that are thoroughly solvent would be allowed to pass muster. The matter now has gotten into politics. John Young Brown and Lieutenant-governor Keene Johnson, both candidates for the Democratic nomination for governor, are discussing this in campaign talks. Both promise to favor legislation that will be more strict.

and it may be more than that if the guest statutes do not fully express the intent and will of the various legislatures.

Hold Hearing on Auto Club Insurance Hookup

Ohio Agents Recite Complaints Against Cincinnati Activities

COLUMBUS — Examiners from the Ohio department who investigated the activities of the Automobile Insurance Agency, Inc., of Cincinnati following the filing of a petition by the Ohio Association of Insurance Agents asking that the company's license be revoked, testified Monday afternoon at a hearing before Deputy Superintendent J. R. Crabbe here. L. U. Jeffries, warden for the Ohio department, acted as counsel for the department and Paul R. Ginger appeared for the agents association. The insurance agency was represented by Tom Tallentire of Cincinnati. President L. Calvin Jones of the Ohio association and insurance agents from Cincinnati, Cleveland, Youngstown and Columbus attended.

The examiners testified that the agency represents both Motorists Mutual and Republic Mutual of Columbus, having but recently taken on the latter. It was shown that the Cincinnati Automobile Club, the Automobile Insurance Agency and the Tri-State Acceptance Corporation, an automobile finance concern, occupy virtually the same quarters, but there was some dispute as to just how the offices were apportioned. The examiners reported that automobile tags and drivers licenses are sold by the Cincinnati Automobile Club and that its agents not only seek new memberships but solicit insurance. It was declared that the official line-up of the Automobile Club and the agency are virtually the same, and that only directors of the automobile club may serve as officers of the agency.

Club Settles Three Claims

It was asserted that the old Cincinnati Automobile Club Insurance Exchange, which preceded the Automobile Insurance Agency, Inc., had settled three claims against the insurance company, when the company itself has refused to do so. It was stated that the club at that time expected to be reimbursed by Motorists Mutual, in which the insurance was placed. The assertion was made that the agency and the automobile club use the same safe and have the same telephone number and that literature sent out by the automobile club boosts the agency and that literature mailed out by the agency promotes the interests of the automobile club. It was announced that 28 percent of the members of the automobile club carry insurance in the Automobile Insurance Agency. Photographs of the organization's offices in Cincinnati were introduced and samples of literature were placed in the records which tended to link the automobile club with the agency. It was pointed out that the agency was not granted a license by the Ohio division of insurance until it had changed from a non-profit to a profit organization. Copies of the Cincinnati Automobile Club's magazine were introduced, carrying an advertisement in which the interests of the automobile club and those of the agency were linked. It was stated in literature, it was said, that members of the automobile club were considered preferred risks but it was testified that there was no difference in the rates of insurance charged members and non-members.

(CONTINUED ON PAGE 23)

WORKMEN'S COMPENSATION

Restore Old Comissions in Pa. Compensation Line

The top commission on compensation business in Pennsylvania has been restored to 17½ percent, due to the fact that revised rates containing an adequate expense allowance have been approved in that state. The increase was voted by the compensation committee of the casualty acquisition cost conference. Since Jan. 1, 1938, the top commission there has been 15 percent. Regional agents will get 12½ percent instead of 10 percent and producers will get 10 percent instead of 8.5 percent.

Rate Changes Are Announced

NEW YORK—Under the revised workmen's compensation rates that became effective in Iowa, Kansas and Nebraska June 30, the first two states received over all decreases, that for Iowa being 1.8 percent, and for Kansas 2.1 percent. Nebraska, however, was given a 4.8 percent increase. Under a revision approved for Rhode Island, effective Oct. 1, the over all increase called for is 8.2 percent.

See Seamen's Bill Doomed

WASHINGTON.—In view of the sharp differences between marine labor unions and steamship owners, it is doubtful if the several bills proposing to increase benefits to injured seamen, now being considered by the house merchant marine and fisheries committee, will be enacted during the present session. A feature of the proposed measures to which vessel owners are particularly opposed is that requiring that payment of full wages be made to injured seamen from the time of their landing at the home port, to the date of cure, or until incapacity be held to be permanent. The

imposition of such liability on shipowners of the United States would place them under a severe handicap in competing with vessels of other flags, it is contended. As a counter to the bills in question, spokesmen for the shipowners offered that provisions of the longshoremen's and harbor worker's compensation act be extended to include the seagoing personnel of the American Merchant Marine. The compensation act grants benefits of 66⅔ percent of the existing wage to injured longshoremen.

Medinets Permanent Deputy

H. S. Medinets of Perth Amboy, N. J., has been made permanent deputy commissioner of the New Jersey Workmen's Compensation Bureau succeeding W. E. Stubbs, with the bureau since its inception in 1911, who has retired from active duty. Mr. Medinets has been acting deputy commissioner since last March.

Can Require Medical Examination

AUSTIN, TEX.—Right of the industrial accident board to order an examination of an injured employee and to suspend workmen's compensation payments in event of refusal was upheld by the attorney general.

The board inquired as to the extent it may require an injured employee to stand a medical examination under the provision of the law that: "Refusal of the employee to submit to such examination shall deprive him of his right to compensation during the continuance of such refusal."

Assistant Attorney-general Barcus ruled:

"If the injured employee refuses to submit to a medical examination at the hands of the physician appointed under the provisions of said article, then the

board has the right and the authority to deprive him of any and all compensation during the continuance of such refusal."

Ala. Department Retains Control

MONTGOMERY, ALA.—The doubt that existed, since the enactment by the Alabama legislature last March of amendatory legislation, as to whether future administration of the compensation law would remain in the hands of the insurance department, or be transferred to the industrial relations commission, has been resolved by Attorney-general Lawson in favor of the department.

CHANGES

Gets Great Lakes General Agency for Indiana

The Interstate Agency, Indianapolis, has been appointed general agent of the Great Lakes Casualty and Dearborn National for Indiana. George L. Ramey, president, says the general agency has an agency plant of nearly 500, which is increased daily. Especially in demand is the new all-risk liability policy that provides personal liability insurance against all hazards except those involving automobiles and aircraft. The Great Lakes Casualty recently announced a new liberal automobile policy which is likewise attracting attention of agents.

This general agency has grown from small beginnings and has developed a large volume of business through its special equipment for service and handling lines, in many instances, that have been difficult to place. Associated with Mr. Ramey are his son, W. S. Ramey, who attended Wabash University, and K. E. Kinnear, educated at Ohio State.

The secretary of the agency is Miss L. A. Spence, for some years recognized as an experienced underwriter and office manager. She had her initial training in the home office of the National Union, with which office George Ramey was also connected at one time.

Soriero Regional Representative

Calvin A. Soriero, formerly of Houston, Tex., has been given a newly-created post as regional representative of National Surety in the Pacific northwest, traveling Idaho, Montana, eastern Washington and Utah, assisting general agents there.

Wiley Wyatt, formerly supervisor for the Travelers at Columbus, has become supervisor of the Aetna Life there, under the direction of General Agent E. C. Deckard. He succeeds Ross Deckard, a nephew of E. C. Deckard, who has purchased the Franklin Insurance Agency at Newark, O.

The Truck Insurance Exchange, affiliate of the Farmers Automobile Insurance Exchange, has entered Kansas and Oklahoma and plans to enter Missouri. C. C. Parke has been transferred from northern California to the midwest division and will work in connection with Assistant Sales Manager James Smith in developing the field. Dudley V. Allen also has been transferred from the home office to that field.

Employers Liability for O. D.

Inquiry has been made as to whether there is any company that writes employers' liability for occupational disease for those employers who do not come under the workmen's compensation act. Inquiry was made of a number of offices and the response was that this coverage is not written. So far as can be ascertained there is no market for such insurance.



GENERAL REINSURANCE CORPORATION

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

Items from Financial Statement of March 31, 1939:

CAPITAL	\$1,000,000.00
SURPLUS	5,705,164.60
LOSS RESERVE	6,338,333.48
PREMIUM RESERVE	2,409,682.56
ALL OTHER LIABILITIES	1,067,418.44

TOTAL ADMITTED ASSETS . . \$16,520,599.08

Securities carried at \$974,474.55 are deposited
in accordance with law.

Casualty, Fidelity and Surety Reinsurance

ACCIDENT AND HEALTH

A. & H. Shows Good Claims Show Value Half Year Gain of Accident Policy

Accident and health insurance will show a splendid increase in volume again this year, based on experience for the first half of the year, according to reports tabulated by the Health & Accident Underwriters Conference.

An increase in premium volume of 7.6 percent for the first six months of 1939 over the similar period for 1938 was shown by the experience of companies representing over 75 percent of the total business of conference members. Due to an increase in respiratory diseases during the winter months, loss ratios increased slightly for this period compared to 1938.

Executive Secretary Harold R. Gordon of the conference estimates a 1939 accident and health volume of over \$235,000,000 compared to 1938's \$222,000,000 total.

Wisconsin National's Gains

The accident and health department of the Wisconsin National Life showed an increase in premiums for the first six months which was \$2,000 greater than for the entire year 1938. June was the biggest month in the department's history, and the first 15 days of July new premiums increased 78 percent and collections 30 percent.

North American's Eastern Meeting

The Eastern Conference of the North American Accident will hold its annual meeting Sept. 8-9 at the Summit Hotel, Uniontown, Pa. A record number of qualifiers for the meeting is expected.

There will be no general Pacific Coast meeting this year. Instead, a meeting will be held in San Francisco for all the California agents and probably separate meetings in Portland and Seattle.

Three Named By Provident

CHATTANOOGA. — Three agency changes are announced by the Provident Life & Accident. O. A. Pratt is named general agent in Washington, D. C. Mrs. Pratt will be associated with her husband, who is a veteran accident and health producer.

Paul M. Wright, formerly of the Turk-Somerville Company, has been named general agent of the Provident's accident department in Omaha, succeeding the Turk-Somerville agency. The new agency will be known as Wright & Co.

Guy T. Warfield, Jr., has been appointed general agent for Provident's accident department in Baltimore, Md. Mr. Warfield has been in insurance all his life, having entered his father's firm, the Warfield-Dorsey Company, after graduating from college. He has been a big accident producer.

Redfield Has "Shower Drive"

The Redfield Associates agency at Chicago of the Mutual Benefit Health & Accident and United Benefit Life, conducted a "shower drive" the first 15 days of July, with the object of surpassing the production for the same period in June. Rain coats were presented to all producers who made the quotas set for them on the basis of previous production. In spite of the Fourth of July holidays, the production for the period was far ahead of that for the first half of June.

WANTED

Young casualty and surety special agent for Indiana and Michigan. Chicago branch of small, well-known Bureau company wants a man with a future. Address K-25, The National Underwriter, 175 W. Jackson Blvd., Chicago, Illinois.

The value of citing actual claims to increase the sale of accident insurance is pointed out in an article in the Aetna Life agency bulletin.

"You would have no difficulty at all," the article says, "in selling your prospects on the necessity of accident insurance if you could but have them spend one day in the Aetna Life accident claim department where they could see the multitude of claims which each day's mail brings. Of course, they cannot do this. But, in effect, you can bring the claim department to them by citing actual cases from the files of this department and painting a graphic word picture of just what happens when an accident occurs.

Three Claims as Illustrations

"If you know of claims involving local residents or your own policyholders, use these of course. But if additional examples are wanted, you may find the following three cases helpful. They are dramatic and they are true.

"The first case answers the objection raised by many prospects: 'I never do anything hazardous.' In this case, an insurance agent was crippled for life. The accident occurred Oct. 28, 1928, as the man was sitting in his wife's car, which was parked alongside the curb. The parked car was struck by a hit-and-run driver and the agent severely injured. His skull was fractured, his lower jaw injured and all his teeth were knocked out. In addition, he received a fractured pelvis and fractures of four lumbar vertebrae, his left hip, left femur and left fibula. However, he carried an income accident policy with \$50 weekly indemnity and a premium of only \$30 a year. To date, he has received more than \$31,000 from the Aetna Life.

"The second case illustrates the consequences of a second's miscalculation and the continuing protection afforded by accident insurance. The injured man was a young salesman from Arkansas who slipped and fell beneath the wheels of a train. Both his feet were amputated just above the ankle. On the day he was injured, the man had renewed his income accident policy and every week since that time he has received weekly indemnity of \$25. In addition, he has received more than \$120 in hospital indemnities, bringing his total payments to more than \$13,600.

"The third case illustrates what serious consequences an apparently minor injury can produce. In this case a woman was walking by a high board fence when suddenly a gust of wind uprooted the fence and toppled it over on her. The woman was pinned beneath the wreckage. At first, it was thought that she was only slightly injured but, unfortunately, it soon became evident that she had a concussion of the "center of convergence" in her brain and as a result she developed double vision. Despite almost daily visits to an eye specialist, the condition has not improved and the woman is totally disabled. Fortunately, however, she had an accident policy, for which she paid only \$27. To date, she has received \$500 medical expenses and every week since her accident on July 14, 1936, she has received a weekly indemnity of \$15.

"Cite these cases to your prospects and show them that no matter how accidents are caused, one thing is certain: They can happen any time, to anyone. Statistics from the National Safety Council indicate that every year one out of every 13 persons in this country is killed or injured by accidents."

Traveling Men's Group Meets

The annual meeting of the International Federation of Commercial Trav-

YOU OWE IT TO YOUR CLIENTS . . .

to inform them that it is now possible to obtain insurance protection on money, securities and valuable papers. Banks, financial institutions and commercial houses will be glad to avail themselves of the opportunity afforded by Indemnity's new Destruction Policy. Form 1 covers damage to or destruction of money and securities.

Form 2 covers Valuable Papers other than money and securities.

Solicitation of this form means increased premium income for you.

CAPITAL \$2,500,000

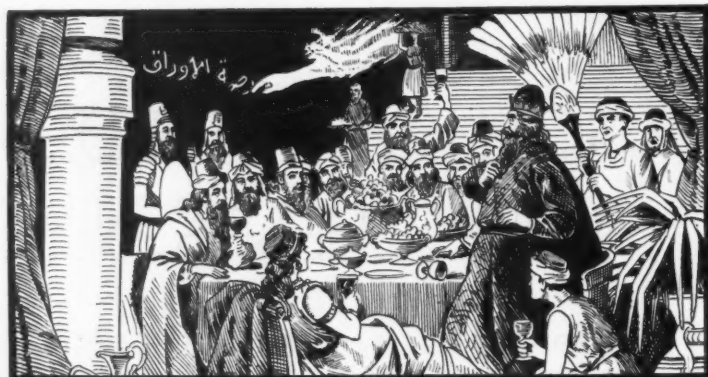
**CASUALTY
FIDELITY
SURETY**



**Indemnity Insurance Company
of North America**

PHILADELPHIA

We are anxious to assist the Agent or Broker in securing adequate coverage for unusual propositions.



THE HANDWRITING ON THE WALL! FAILURE TO PROVIDE PROTECTION MAY MEAN RUIN!

THE OWNER OF EVERY BUILDING IN WHICH THERE IS A TAVERN,
CLUB OR RESTAURANT IN WHICH INTOXICATING LIQUOR IS SERVED,
MAY LOSE HIS BUILDING,
TO SATISFY ANY JUDGMENT AGAINST THE TAVERN KEEPER
OR TENANT WHO SERVES THE LIQUOR.

WITHIN THE PAST FIVE YEARS THERE HAVE ARISEN

More than 5 suits for	\$100,000
More than 35 suits for over	\$50,000
More than 50 suits for over	\$25,000
More than 100 suits for over	\$10,000

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elers Insurance Organizations, composed of ten commercial travelers associations writing accident insurance, will be held at the Poland Spring hotel, Poland Spring, Me., Aug. 7-9. No formal program has been arranged but round table discussions will be held the first two days, with business meeting and election of officers the final day.

Dissolve Hospital Act Injunction

COLUMBUS, O.—Judge Leach of common pleas court has dissolved a temporary injunction which restrained the insurance department from issuing licenses under the new group hospital insurance act. Two suits were filed, one by Nathan Mayer, a taxpayer, and the other by the Mutual Hospital Association of Cleveland, after opponents of the law had failed to obtain a sufficient number of signatures for a referendum. A hearing will be held later on the constitutionality of the act, but the state auditor has been enjoined from taking out of the pay of public employees money with which to pay the premiums or fees of public employees who join the hospital associations.

It was contended by the petitioners that the corporations to be licensed under the law are not charitable institu-

tions and are not entitled to exemption from taxation. Public employees who wish to join the hospital associations may do so, but must pay the fees out of their own pockets. The court held that if the corporations are subject to taxation it is the duty of public officials to see that the taxes are collected.

Must Send "Non-Cam" Notices

BOSTON—The Massachusetts supreme court holds the Massachusetts Accident cannot rid itself of non-cancellable accident and health policyholders by neglecting to send them notices of premiums due, in accordance with its earlier practice, and has ordered reinstatement of a policy held by Curtis W. Pierce, vice president of the fire companies of the America Fore group.

The Massachusetts Accident discontinued writing non-cancellable policies about 1937, and at that time discontinued its practice of sending premium notices 30 days before the premium date, which it had done for some years. No notice was sent Pierce in 1937 and he neglected to pay his premium until it was two weeks overdue. The company returned his check and announced the policy had lapsed.

NEWS OF THE CASUALTY COMPANIES

U.S.F. & G. Reports Gains in Half Year

The United States Fidelity & Guaranty, in spite of drastic reductions in rates, shows net premiums of more than \$18,000,000 for the half year. While the total premium volume was up only slightly as compared with the first six months of 1938, the actual number of items was considerably higher. Net income, over all losses and expenses, but before adjustment of reserves, was \$3,958,437 as against \$3,270,670 for the comparative period of 1938. Assets rose approximately \$4,700,000 for the year, to \$55,328,794 June 30. Surplus increased \$1,700,000 over a year ago. Reserves were \$43,340,550, not including a voluntary contingent reserve of \$1,500,000.

Prior to the resumption of dividend payments last January the subsidiary Allied Mortgage Companies had retired all of its remaining outstanding bonds in the amount of \$3,162,000, thus relieving the parent company of its liability as guarantor of these bonds.

Three Companies Examined

NEW YORK.—The New York department has concluded its examination of the American Surety and National Surety, and will shortly finish that of the Globe Indemnity. In each instance several outside states participated.

Contest Anniversary Campaign

The Indemnity of North America is staging a three-month contest ending Oct. 15 to name the campaign to be staged next year when the company celebrates its 20th anniversary. Prizes total \$1,000.

State Farm Mutual Writ Issued

MADISON, WIS. — Circuit Judge Hoppmann has issued an alternative writ of mandamus on petition of the State Farm Mutual of Madison, ordering Commissioner Mortensen to revoke the license granted the State Farm Mutual Automobile of Bloomington, Ill., or show cause why he should not do so. The Wisconsin mutual protested issuance of a license to the Illinois mutual on the ground it violated the Wisconsin statutory limitation against similarity of names of insurance companies, and also because of its methods of doing business.

Examination Report of Two Companies

The Illinois department has made a report on the Illinois Commercial Men's of Chicago, an assessment accident company, as of Dec. 31. It has an affiliate in the Illinois Traveling Men's Health Association. The Illinois Commercial Men's shows assets \$969,926, statutory reserve and emergency fund \$214,000, net surplus \$380,603. The assets consist solely of bonds and cash. Its investment in bonds represents 61 percent of the assets. R. A. Cavanaugh, the secretary and treasurer, is compensated by receiving 50 cents for each policy in force at the end of the year. It received from members last year \$1,240,023, its total income being \$1,266,982. It paid in claims \$890,537. Its total disbursements were \$1,292,616.

Illinois Traveling Men's

The Illinois department has made an examination report of the Illinois Traveling Men's Health, running mate of the Illinois Commercial Men's. This is an assessment accident and health company. The report is as of Dec. 31. The assets are \$584,458, statutory reserve fund \$120,634, net surplus \$239,598. The bonds constitute 53.33 percent of its assets. Approximately 45.07 percent of the assets consisted of cash on hand. The secretary, R. A. Cavanaugh is compensated by getting 50 cents for each policy in force at the end of each calendar year.

Last year the amount received from members was \$894,642, total income \$900,182, claims paid \$606,481 and total disbursements \$872,587. The claim reserve is \$187,686.

Casualty Mutual's Gains

The Casualty Mutual of Chicago announces that for the first six months the premiums exceeded those for a similar period last year by more than 300 percent and the loss ratio was well within normal. The Casualty Mutual has taken pride in the service it is rendering agents and brokers by handling difficult insurance problems, especially in connection with workmen's compensation and occupational disease coverages. For extra hazardous occupational risks, such as foundries, stone cutting, etc., a special rating procedure is applied, allowing rate credits for effective direct control measures. Loss and expense constants are omitted in computation of the premium. Heath & Co., one of the large

groups of London Lloyds, is responsible by means of a treaty for payment of 90 percent of every policy written by the Casualty Mutual. Catastrophe losses are reinsured 100 percent above a nominal amount. All the executives and department heads have had long experience. E. E. Hielscher is general manager.

Protective Indemnity Plans Capital Boost to \$1,000,000

NEW YORK—Primarily with a view to conforming to the prejudice which a number of agents and assured throughout the country have of favoring insurance companies that possess a capital of at least \$1,000,000, directors of the Protective Indemnity of this city decided to increase its capital from the present figure of \$500,000 to \$1,000,000, through the issuance of 50,000 shares of new stock at par, \$10. Assuming that stockholders will endorse the proposition at a special meeting Friday, subscription to the new issue will be restricted to present shareholders, on the basis of one share for each share held at the close of business July 28. As soon as the additional funds are paid in, the department will check for verification and the company will then be able to advertise the new figures.

Formed in 1929 as running mate to the long established and successfully conducted Preferred Accident, the Protective Indemnity is under the same management. It writes automobile, burglary, accident, plate glass and liability lines. At the close of 1938 its assets totalled \$1,752,809; capital, \$500,000, and net surplus, \$806,162.

Buckeye Union's Half Year

Substantial gains for the first six months are reported by the Buckeye Union Casualty and Buckeye Union Fire. The Buckeye Union Casualty had the most successful six months in its history, with \$1,135,050 in premiums, a gain of 7.7 percent. Assets increased more than \$185,000 to \$2,527,559 June 30. The Buckeye Union Fire had \$110,494 in premiums. Assets increased more than \$30,000 to \$581,457.

American F. & C. Capital Increase

The American Fidelity & Casualty of Richmond, Va., is increasing its common capital stock by the sale of 45,000 additional shares, par value \$5, to net \$483,750. This would increase its total capital from \$675,000 to \$900,000 and add \$258,750 to surplus. Any shares not taken will be offered to the public at \$12.75 a share through Fuller, Rodney & Redmond, New York investment house. Market Service operates the company.

Report on Orlando Company

The Florida department has released its report of the examination of the American Fire & Casualty of Orlando, Fla., as of Dec. 31, showing capital \$248,925, surplus \$102,088, loss reserve \$70,522, premium reserve \$215,969, investment fluctuation reserve \$15,000, assets \$709,647.

Employers Reinsurance Figures

KANSAS CITY—The Employers Reinsurance shows an increase of \$377,548 in its surplus for the second quarter of 1939. Since there was a reduction in surplus the previous quarter of \$194,521, the increase for the half year was \$183,027, compared with \$233,886 a year ago.

Premiums the first half totaled \$3,683,811, against \$3,488,399 a year ago. Net investment income for the half was \$205,411, compared with \$198,811 last year. Operations profits were up over a year ago.

The New Jersey Manufacturers Casualty has declared a 20 percent dividend, an extra 5 percent and a special 5 percent on all policies written between Oct. 1 and Dec. 31, 1938.

PERSONALS

Two **Travelers** staff men observed their 20th anniversaries with the company. W. D. O'Connor, assistant manager casualty department, 55 John Street branch office, New York, started in the home office, being transferred to New York in 1920 and becoming assistant casualty manager in 1936. N. R. Clark, casualty manager at Milwaukee, prior to joining the Travelers for four years was resident engineer Massachusetts state highway commission. He became special agent at Peoria, Ill., then assistant casualty manager there, being transferred in 1921 to St. Louis, in 1927 going to Cincinnati as manager. He was sent to the home office agency department in 1934, and then to Milwaukee as casualty manager.

Hollis D. Segur, 82, Waterbury, Conn., a pioneer in the field of casualty insurance and one of the best-known insurance men in the state, died there following a brief illness. He was president and treasurer of Hollis D. Segur, Inc., for 49 years general agent of the Travelers.

Stricken with appendicitis while in Columbus, Ga., **R. H. Terry** of the Provident Life & Accident home office was taken to a hospital where an operation was performed. He is now on the road to recovery.

John J. Nangle, vice-president and general manager of Utilities of St. Louis, sailed for England the other day on the Queen Mary to carry out his duties as special master appointed by the St. Louis circuit court to determine the rightful heirs of the \$2,000,000 estate left by Hazlett Kyle Campbell of St. Louis. Some 900 persons have made claim to a share in this estate. Mr. Nangle will sit first in Ireland, whence the Campbell family sprang. He will conduct hearings at Belfast, Omagh, Londonderry and Dublin. Then he will go to Glasgow and London. In these proceedings the Missouri statutes will govern court procedure. Mr. Nangle has found no heir to Campbell of closer relationship than first cousin once removed. Campbell had been an invalid since 1885. He died in 1938 without leaving a will to dispose of the fortune which his father accumulated from the fur trade more than 100 years ago.

George Patterson, surety manager in the Chicago office of Commercial Casualty and Metropolitan Casualty, was a valued member of the crew on the 64-foot sloop, "Revenge," in the Chicago to Mackinac race that started Saturday afternoon. Mr. Patterson is leaving Mackinac by train to spend the rest of his vacation at his former home in Newark.

Glass Insurance Material

The fifth in a series of business building portfolios has been issued to agents of Standard Accident. It contains complete ideas and suggestions for the development of glass breakage coverages. Included are a number of attractive folders and blotters on the various types of glass breakage protection, as well as suggestions for sales letters and newspaper advertisements.

When the series is completed each Standard agent will have a complete sales promotion and advertising file on the various coverages which will be supplemented from time to time with additional current data.

Wisconsin National Meeting

The Wisconsin National Life will hold its annual agency meeting at the home office Aug. 3-5. An excellent program is being arranged, which will include a prominent guest speaker. Representatives from Indiana, Illinois, Minnesota, Michigan and Wisconsin will be in attendance. The convention will end Aug. 5 with a picnic at Wauhsara on Silver Lake, about 40 miles west of Oshkosh.

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FIDELITY AND SURETY

Lloyds Trustee in New Suit on Scruggs' Defalcation

OKLAHOMA CITY — London Lloyds, through Harold O'Brien of Brooklyn, N. Y., trustee, has instituted suit in federal court against Mrs. Sallie Anderson, to recover about \$30,000 of the \$500,000 which it is alleged was repaid indirectly to the Oklahoma City school board in settlements in the Ray M. Scruggs embezzlement case about a year ago. Scruggs, who is Mrs. Anderson's son-in-law, is serving a 25-year term at the federal reformatory at El Reno, Okla., convicted of misappropriating \$750,000 of the school board's sinking fund, of which he was treasurer. He was vice-president of the First National Bank & Trust Company.

Following recovery of \$250,000 of the stolen money in government bonds, the bank returned to the school board \$500,000 with interest of \$47,284. The bank and immediate sureties, of which Lloyds was the most seriously involved, assigned their interests to London Lloyds, which, O'Brien states, subsequently transferred them to him. The petition alleged that Scruggs, as the defendant's son-in-law, had access to her bank account in the First National Bank, and made several deposits for her, which it is claimed were obtained from sales of the embezzled securities. It further alleged that shortly after making each deposit Scruggs drew on the account to pay for securities, notes and mortgages taken out in the defendant's name and for a residence in this city.

United Pacific Resigns; Is Not Granted Relief

THE NATIONAL UNDERWRITER was misled in publishing the statement that United Pacific of Seattle had been granted relief by the Towner Rating Bureau and that it would be permitted to write contract bonds at 1 percent in its home state in view of the fact that the General Casualty of Seattle has withdrawn from the Towner Rating Bureau and has filed deviations in the state of Washington. THE NATIONAL UNDERWRITER was improperly advised in this matter. United Pacific has not been granted the relief.

United Pacific has resigned from the Washington Surety Association and has withdrawn power of attorney from the Towner Rating Bureau, according to President J. W. Reynolds of United Pacific.

Holds Bond Is Not Cumulative

The liability of Hartford Accident under a \$5,000 license fee bond in New Hampshire is definitely limited to the penal amount throughout the years that it is in force by continuation agreements and there is no cumulative liability. This was the decision of the New Hampshire supreme court in Hartford Accident vs. White, et al. The bond covered Schnobelen, who was licensed by the insurance department to sell lightning rods and supplies. Schnobelen's license was renewed for five years and during those years the bond was renewed by continuation agreements.

A number of those upon whose property Schnobelen had installed lightning rods, suffered lightning losses and they obtained verdicts against Schnobelen and Hartford Accident as trustee. The verdicts aggregated more than \$5,000. Hartford Accident paid the full penal amount of the bond into court and contended it is under no obligation to pay any further sum to anyone else.

The court stated that the legislature intended only that licensees provide and maintain a fund of \$5,000 available during the continuance of the license and thereafter until it is either exhausted or no action is maintainable for its recovery.

Partial protection is all that the legislature has seen fit to require.

Resigns Association Post

LOS ANGELES — Following the resignation of the Associated Indemnity from the Surety Association of America and the Towner Rating Bureau, H. S. Vreeland, bonding superintendent of its southern California office, resigned as vice-president of the Surety Underwriters Association of Southern California. Walter Whitford, Hartford Accident, was elected to succeed him.

Debate Reciprocals' Right to Issue Omnibus Clause

LOS ANGELES—The "Los Angeles Daily Journal," the legal newspaper here, gave considerable space to a discussion at the recent meeting of the insurance section of the American Bar Association at San Francisco as to whether a reciprocal exchange can legally incorporate the additional interests or omnibus clause in its automobile liability policies. This discussion followed a talk on the additional interests clause by Jewell Alexander, San Francisco. The "Daily Journal," in an article by Caryl Warner of the Los Angeles bar, stated that implications of this discussion may affect the existence of automobile reciprocals in California.

Insurance Limited to Subscribers?

The contention made in the discussion was that reciprocals are limited by law to write and exchange insurance among their own members. An employer or principal of a reciprocal assured, or a person driving the automobile with his permission, who would ordinarily be covered by the additional interests clause, is not a subscriber at the exchange, and hence, it was contended,

could not be protected by the exchange. The suggestion was made that if the reciprocal protected such a party in accordance with the terms of its contract, other subscribers might be able to maintain accounting suits against the attorney in fact for making illegal use of premium deposits of members. The insurance commissioner might be called upon to prohibit further issuance of reciprocal policies with the additional interests clause.

Responsibility Law Feature

The financial responsibility law of California, like those of many other states, provides that a policy issued as evidence of financial responsibility must cover any other person using or responsible for the use of the automobile in question. If a reciprocal cannot legally issue such a contract, it was pointed out that the department of motor vehicles might have to refuse reciprocal contracts as satisfaction under the financial responsibility law.

At the same discussion, attention was also given to the assessment liability of reciprocal subscribers. The argument that a discontinued subscriber of a defunct exchange would always be liable for assessments was advocated and opposed.

Oklahoma Auto Rates Cut 20%; 5% Extra on Preferred

OKLAHOMA CITY—A new schedule of rates was filed with the Oklahoma insurance board reducing automobile public liability and property damage rates 20 percent with an additional 5 percent on cars not driven more than 7,500 miles a year. If approved by the board the rates become effective as of July 1. The board had previously ordered the reduction, effective June 1 and retroactive to March 1, but rescinded this action to give companies time to accumulate experience figures and determine an equitable rate for the filing.



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Hold Hearing on Auto Club

(CONTINUED FROM PAGE 17)

A former sales director of the Cincinnati Automobile Club testified that his contract called for a certain commission on renewals in the automobile club and a certain commission on the insurance written. He said that agents of the automobile club were penalized if they did not write automobile club renewals in sufficient number to correspond to the volume of insurance written.

What the Petitioners Assert

The petitioners contended that the license granted the Automobile Insurance Agency, Inc., is being used contrary to the representations made to the department when it was issued, that the licensee has employed improper advertising and promotional methods; that the licensee in its application failed to disclose the connection of its officials and directors with the automobile financing corporation and that the licensee is not holding itself out in good faith as an insurance agency within the meaning and spirit of the law.

Counsel for the Automobile Insurance Agency, Inc., declared that any testimony introduced regarding the former Cincinnati Automobile Insurance Exchange and the Cincinnati Automobile Club is irrelevant and asked that it be thrown out. It takes the position, it is understood, that the Cincinnati Automobile Club and the agency are two distinct entities, and that the former rents office space to the other just as it would to any other business organization.

It was conceded that representatives of the automobile club also write insurance.

A motion by the Insurance Agency that the suit be dismissed was overruled by Crabbe Monday evening and the hearing was adjourned until Tuesday morning.

Taken Under Advisement

The Ohio department took the case under advisement at the close of the session Tuesday morning. The respondents introduced as witnesses Charles E. Nixon, president of Republic Mutual; Edward J. Bernard, vice-president and manager of the Automobile Insurance Agency, Inc., and J. J. Arnold, attorney. A representative of the Ohio department testified that the only complaints received regarding the agency came from other insurance agents and organizations. Nixon said he had investigated the affairs of the Automobile Insurance Agency, Inc., and found them to be highly satisfactory. Mr. Bernard is a director of the Automobile Club and also secretary of its board. He is a small stockholder in the finance company, but knows nothing about its operations, he said. It was explained that when the insurance company spoke of "preferred risks" it meant "type of hazards."

Mr. Bernard testified that the agency has 19 agents, some of whom also write for a grain dealers insurance company. The agency had 3,311 policyholders June 30, Mr. Bernard said, and its renewals run about 90 to 94 percent. Both Mr. Bernard and Mr. Arnold declared that the three organizations, the agency, automobile club and finance company, are separate and distinct and that each is responsible for its own obligations. Mr. Arnold also testified that the new agency had never paid any claims when they had been rejected by the insurance company.

Examiners for the Ohio department who testified are, E. A. Stanberry and G. A. Corso.

L. W. Crisler, 23, member of a New Madrid, Mo., agency, was fatally injured when his automobile crashed into the rear of a truck near Sikeston, Mo. He was associated in the business with his brother, Claude.

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Reviews Non-Ownership Peril

(CONTINUED FROM PAGE 15)

fers injury thereby it is probable the employer will still be held liable. The use of non-owned cars in the absence of suitable non-ownership insurance, even under restrictions is a questionable procedure.

Methods of Protection

The bulletin points out that insurance protection may be acquired by the employer with respect to his possible liability to the public regarding the use of employee-owned automobiles on company business through the employee's own automobile insurance, through non-ownership liability insurance carried directly by the employer and through what amounts to a combination of those two methods.

In requiring all employees who use their automobiles at all in connection with their duties to carry automobile liability insurance, the employer, according to the bulletin, is relying upon the policy definition of "insured." Under the present standard auto liability policy the word "insured" includes not only the named insured but also "any person while using the automobile and any person or organization legally responsible for the use thereof." There is a provision, however, that such use must not violate the provisions of the policy and that the actual use is with the permission of the named assured.

Some employers, the bulletin points out, require each employee to file his policy with a designated official. Some employers require that the employee's policy be issued jointly, with the employer being included as the named insured such as "John Jones and the Blank Manufacturing Company as interests may appear." Care must be taken to see that all policy declarations are accurate and consider two insured and that the policy carries the address of the employer.

Necessity of Requirement

Some believe that this requirement is unnecessary on the theory that the employee's automobile policy, as generally interpreted, would protect the employer if a claim or suit should be brought against him alone or if a joint action should involve both the employer and employee. The fact remains, however, that the standard policy is not universally used. Some underwriters might be reluctant to enter the defense of such a case brought in the name of the employer alone unless forced to do so, nor be willing to provide adequate defense for the employer in the event both the employee and the employer were sued.

Naming the employer as an insured also makes it necessary for the underwriter to notify the employer as to cancellation, suspension, etc. The employer should, however, ascertain whether the addition of his name to the policy makes him liable for premiums in the event of their non-payment.

Financial Responsibility Law

Any policy naming both employee and employer as insured should be endorsed to provide that the indemnity provision relating to the financial responsibility laws does not apply to the employer. This provision is to the effect that the insured agrees to indemnify the insurance company because of liability arising out of the application of these laws. The claim might even be one for which the employee is wholly responsible.

If an employer is depending on the protection afforded under employee's insurance, there must be administrative supervision. Minimum coverage standards must be established. Many concerns require each employee to carry \$10,000/20,000 or \$25,000/50,000 limits. Policy provisions of the employee's contracts should be checked to determine whether they are standard and if not whether any essential protection is lack-

ing or impaired. The insurer must be examined to see if satisfactory from the standpoint of the employer.

"Employees," the bulletin states, "may be more likely to patronize 'bargain counter' insurance, and less likely to know how responsible the carrier is. Claims may arise many years after the applicable policy has expired. It is the time of the accident or alleged accident that determines which policy applies, not the time the claim is made. Will the carrier have gone out of business in the meantime?"

Attention must be given to the cancellation feature so that the employer may be notified when a policy is cancelled. If the premium is being paid in installments the employer must check regularly to see if the policy is in force. Records should be kept of dates of expiration of employees' policies to determine whether renewal is attended to. An effort should be made to watch the purchase by employees of additional automobiles.

Incomplete Protection

At best, reliance upon the individual policies of the employees affords a very incomplete protection, the bulletin states. Most important weaknesses of the plan are that if the employee's policy provisions have been violated it would afford no protection either to the employee or employer; the employer's liabilities may exceed the liabilities afforded in the employee's policy; no protection is afforded with respect to the borrowed car if uninsured or if insured and the use to which it was put was without proper permission, unless the employee's own policy contains a suitable drive other car endorsement. There is no protection if an employee rides in an uninsured car and directs its operation even though not actually driving it.

By purchasing non-ownership liability insurance, the employer is providing protection by direct method. The coverage is intended to protect against automobile hazards both known and unknown. It provides a much more complete coverage for the employer than he can obtain through his employee's insurance. If adequate limits are carried he is not at all dependent for protection upon whatever insurance may be carried with respect to employees' or other automobiles he does not own or hire.

The bulletin points out the difference between specific coverage and blanket coverage and the classification of employees.

Acts as Excess Cover

The bulletin points out that non-ownership coverage acts as excess insurance; it provides no protection to the owner. The non-ownership policy protects the employer if the other insurance is voided under circumstances that exist without the knowledge and consent of the employer. If the employer instructs or permits an employee to perform some duty and doing so might reasonably involve the use of his automobile in violation of policy provisions, the bulletin states that the employer then might not be able successfully to maintain lack of knowledge.

Nonownership coverage excludes automobiles hired by the named assured. Where employees hire so-called U Drive It or other hired cars, this is considered as hired by the insured if secured in the employer's name. When an employee hires a car on his own responsibility in his own name most insurance companies probably would not consider this as being hired by the employer. This point, according to the bulletin, should be cleared up definitely with the insured.

The bulletin discusses the method of providing protection through joint schedule and supplementary non-ownership insurance. The result obtained is the same as though the employer were added as an additional assured in the

employees' policies except all insurance is with one company, which eliminates any chance of disagreement between insurers as to liability, which removes all doubts as to uniformity of provisions among employees' policies, reduces administrative problems, reduces to a minimum likelihood of unexpected blank spots in coverage.

This scheme permits an important reduction in cost to the employer, since the employees named in such joint schedule policy may be included in the non-ownership liability policy issued by such company at class 2 rate for each such employee. The saving by being able to secure non-ownership coverage on class 1 employees at class 2 rates is appreciated when it is known that class 2 rates are about one-twentieth to one-thirtieth of class 1 rates.

Arranging Higher Limits

The employer may want higher limits carried on employees' automobiles. This can be done either by increasing the limits in the joint schedule policy (with the employer sometimes bearing the added cost) or by means of excess limits insurance in favor of the employer in which event he alone receives the additional protection.

Non-ownership insurance insofar as it has to do with cars of class 1 employees, provides the employer with certain protection in addition to that afforded under the joint schedule policy, that being if an employee should use a borrowed car or use his own car in violation of some policy provision without the knowledge and consent of his employees.

Should Endorse Master Policy

The master policy, according to the bulletin, should be endorsed to provide that any operation by the employee in violation of policy provision shall not affect the protection afforded the employer under the policy unless such operation is with the employer's knowledge and consent and also to provide (if a borrowed car risk should be insured) either drive other car coverage or employers' non-ownership drive other car coverage.

Automobile non-ownership insurance does not apply to the use of cars either owned or hired by the insured or to any liability assumed by the insured under any contracts or agreements.

Hired automobiles of any type may be insured either on a specified car basis or on the basis of cost to hire. The cost of hire or reporting basis will be found preferable usually, particularly because of its automatic coverage.

Hired Trucking Service

The user of hired trucking service has often been held liable for injury or damage caused by drivers over whom he may or may not have any direct control. As the trucking service becomes more particularized to the individual user, the likelihood increases that he may be held liable as having exercised direct or indirect control over the movements of the automobile. Where the user of trucking service exercises control over the operation of hired automobiles, liability insurance directly by the user may be as essential as though he actually owned and operated the vehicle.

The bulletin points out that a special form of non-ownership insurance variously called special, independently contracted, contractual non-ownership insurance or independent contractor-hired car insurance is available. The rates are reduced to reflect the more remote possibility of successful action against the user, as the relationship with the truckman shades off from that of agent to independent contractor. Its major purpose is to provide for the investigation of claims and defense of suits.

Hired truck or other hired commercial automobiles can be covered by hired car insurance. Sometimes the owner provides insurance satisfactory to the user through lessor's insurance.

Cross-liability problems exist where there are subsidiary or affiliated companies and these should be studied to make certain insurance protection is not impaired.

Bureau Offers Auto Medical Coverage

(CONTINUED FROM PAGE 15)

Two forms of endorsement are available and in connection with each the assured has the option of buying limits of \$250 or \$500 per person.

One endorsement reimburses occupants of the car regardless of whether or not the claimant agrees not to seek further recourse against the car owner. The second form of endorsement provides reimbursement only in the event the injured person executes a full release for the insured's legal responsibility. Both forms exclude coverage on the named assured, while the auto is carrying persons for a charge, exclude coverage on employees other than domestic servants, repair men, etc., and those who get compensation benefits on account of the accident.

The rate for the first endorsement in limits of \$250 per person is 20 percent of the standard P.L. premium subject to a minimum of \$4 and a maximum of \$10. For limits of \$500 the cost is 25 percent of the standard P.L. premium with a minimum of \$5 and a maximum of \$12.50.

Rates For "Release" Form

The rate for the \$250 coverage on the second form is 15 percent of the standard P.L. rate subject to a minimum of \$3 and a maximum of \$8. The rate for the \$500 coverage is 20 percent subject to a minimum of \$4 and a maximum of \$8.

The states in which the coverage is not yet effective are Indiana, Wisconsin, Minnesota, Kansas, Oklahoma, Louisiana, Texas, Arizona, Maine, Massachusetts, New Hampshire, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Vermont, Virginia, Washington and West Virginia.

The bureau takes jurisdiction over rates and provisions of the endorsement, but the actual wording of the coverage is left to the discretion of the individual companies.

Zurich Has Had Experience

Zurich for about a year has been selling endorsements reimbursing occupants of the assured car for medical expenses, etc. One of the Zurich's endorsements is sold at 20 percent of the bodily injury rate. It provides coverage up to \$500 per person and requires the execution of a release. Zurich reports that it has had a good sale of this form in some localities. Another form has been available but has not been extensively sold. It provides medical reimbursement and also a schedule of specific indemnities for loss of life, loss of limb, etc. The rate for this endorsement is 50 percent of the bodily injury liability rate.

Some of the non-bureau companies that have been selling the coverage have put an aggregate limit per accident in their endorsement. This has been usually \$1,000. The bureau apparently felt that this was not a necessary precaution, inasmuch as the number of car occupants would not exceed four or five.

Some observers anticipate that the endorsement will be particularly salable in those states that have laws preventing guests from suing the car owner except where gross negligence is involved. Motorists in those states may feel that they would like to provide a measure of relief for their guests.

Opinion is divided among company executives as to the sales possibilities of the endorsement. Some are quite optimistic while others are decidedly lukewarm. Some companies have gotten out bulletins, stating that they do not anticipate much of a demand.

The average premium will probably run about \$4 and that will just about offset the rate decrease enjoyed by class A and class A-1 motorists under the new bureau program.

POINTERS FOR LOCAL AGENTS

Tells Agent's Place in Contract Bond Underwriting

Fair Dodd of the Haas & Dodd agency of Atlanta, in addressing the insurance school of the Georgia Association of Insurance Agents at Athens, gave a conception of the proper relation of the agent to the surety company and to the contractor in connection with the writing of contract bonds.

In the enjoyment of power of attorney to bind the surety company as completely and as irrevocably on contract bonds as if such bonds were executed by the president and secretary of the company, the agent is honor bound to exercise the highest degree of fidelity to the company, Mr. Dodd asserted.

Bond Is Non-Cancellable

It is a serious matter to commit the company on a contract bond, which is non-cancellable. The agent's primary objective must be to make certain that the bond may be executed with safety to the company. His judgment must not be biased by his financial interest in the premium—or by his personal friendship for the applicant.

The agent should consider the inherent hazards incident to the nature of the work itself and consider the contingencies that threaten the interruption of the plans of every man.

If some of the work is to be performed under the surface of the earth the question arises whether a contractor will encounter rock or water, quicksand or an ever flowing spring. Investigation must be made to determine whether the contract provides for these contingencies. If the work is in the open and subject to the caprice of the elements, the provisions must be studied to see what protection there is to the contractor under these circumstances. If a long period of time is required for completion of the work, the question of changing labor conditions and wages must be taken into consideration. If time is of the essence of the contract, what penalties are assessed for the failure of the contractor to complete the contract within the period designated? If the contract involves the shoring or removal of a building the agent must determine whether the contractor's possible profit is sufficient to warrant him assuming the chance of the enormous consequential damages he will suffer in the event his plans go awry.

Labor and Material

Because contracts obligate the contractor to pay for labor and material it is necessary to inquire into the moral and financial responsibility of the owner with whom his client is contracting in order to determine whether he is able and willing to discharge his obligations to the contractor with promptness as they arise.

The use and salability of the property must be considered in determining the suitability of the owner as an obligee, because the contractor may have to rely upon his right of lien on the property for his security.

Every contract must be intelligently analyzed and scrutinized for pitfalls and illegalities. The agent must be sure the contract is feasible and safe for the contractor to undertake.

Many Essentials Outlined

The agent should know that the contractor is honest, reliable and experienced, that he has sufficient cash and quick liquid assets to finance the project without jeopardizing any other work he

may have under construction; that he has enough available equipment to handle the job; that he has a competent organization; that his habit is to meet his obligations with promptness; that he recognizes his limitations as to the volume of construction he may safely undertake; that in the event of his death or disability there is at least one man in the organization who is competent to carry on the work; that the contract price is sufficient; that the owner will pay the contractor in cash instead of in

bonds; that the time allowed in which to perform the work is ample; that the contractor is protected against all insurable hazards.

In order to guide, advise and if possible preserve the solvency of the contractor, the agent must establish a close and confidential relationship with the contractor. The surety man must be willing to forego an immediate profit for himself in order to promote the best interests of his client. He will advise the client against entering into a contract with an unscrupulous owner. The agent must be genuinely and sincerely interested in the contractor and his affairs. If such a relationship is developed, the contractor will go to the agent with his stories of success and with his problems.

Neon Sign Cover Good Business Getting Leader

With business "traditionally slow" during the summer months, agents would do well to devote some time to the sale of lead policies as a basis for securing other business as well. One such coverage is that pertaining to Neon and electric signs, which are covered under an inland marine contract.

Usually all-risk protection is written, although some companies cover only against specified perils, such as fire, lightning, windstorm and transportation. The growing popularity of Neon and electric signs is resulting in a large volume being written and many agents and brokers have some such business on their books. Department stores, hotels and theaters usually have large signs of such value as to make insurance a wise protection of their investment. Merchants, drug store proprietors and similar types of business establishments are also live prospects. However, care must be exercised in selecting prospects as experience has not been too favorable.

Transportation Also Covered

Most policies cover against all risks while at the location specified in the policy and while in transit from the place of purchase to the assured's location. Transportation coverage is usually limited to the United States and Canada.

It is not the intention of the policy to provide for ordinary losses due to improper maintenance or construction, but it includes losses arising by reason of fire, cyclone, tornado, windstorm, hail, malicious damage and similar perils.

With summer storms occurring at the present time in many parts of the country, a sales talk based on this fact will be helpful. Agents should watch the newspapers for stories on such losses for following-up purposes.

Usually 100 Percent Coinsurance

The 100 percent coinsurance clause is made a part of most policies. Some companies write coverage with deductible on all breakage losses, \$5 on inside signs and \$10 on outside signs being most commonly applied. Frequently the deductible will be waived for an additional premium. Recovery is limited to cost of replacement, including labor and transportation expenses.

Signs covered are scheduled in the policy. Usually the dimensions and wording of the sign and location and the part of the building where the sign is attached or erected are specified in the schedule. Most policies have an other insurance clause. Consequently, it is advisable to see that insured signs are

definitely excluded from the coverage of fire, windstorm, explosion and other policies on the insured premises.

There is no uniformity in rates. Those charged by the different companies vary between 2 percent and 3 percent for all-risk policies. Some charge a lower rate for inside signs than for outside. Others make no distinction. Higher rates are frequently charged in territories subject to unusual windstorm hazards. The I. M. U. A. has not assumed jurisdiction over these signs and consequently there is considerable variation in rates and forms used by the different companies. Rates for specific hazards run from 1½ percent to 2½ percent.

Minimum premium is usually \$10 per policy for all-risk cover and \$5 per policy for coverage against specific hazards.

Exclusions in the policy are: Loss or damage incurred while the insured property is in course of erection, dishonesty or negligence of an immediate employee, manufacture or improper installation, internal explosion, blowouts, short circuiting or other electrical disturbances, strike, riot or civil commotion, etc., electrical injury, whether from artificial or natural causes, unless fire ensues, and then for outside fire only (this is not found in all policies) and wear and tear, inherent vice, latent defects or gradual deterioration or damage while being worked on and resulting therefrom.

Responsibility Is on the Local Agent

Question — On several occasions we have found a brick veneered church described in the printed form of the policy as brick and so rated. What effect would this have in case of a loss?

Answer — Theoretically, a fire company would be able to deny liability in the event of loss to a brick veneer building described in the printed form of the policy as brick and rated as a brick building. The usual rule is that a material misrepresentation will void an insurance policy. By "material" the courts mean some fact which would induce the company to decline the risk or to accept it only at an increased premium if it knew of it when the policy was issued. Under this definition, a representation that a brick veneer building is a brick building would certainly be material.

However, it is generally felt that as a practical consideration it is difficult and probably impossible for the companies

to deny liability under present conditions. In all probability, the agent who wrote the policy knew the real construction of the building or could and should have ascertained it by a personal inspection or by reference to the map. It is generally held that notice to the agent constitutes notice to the company and hence that the company is bound by the knowledge of the agent and cannot avoid liability because of agent's mistakes or misstatements in the policy. An old federal case, *Roth vs. City Insurance Company*, 6 McLean, 324, holds that where an agent is familiar with the premises, the company cannot take advantage of an incorrect description or location in the policy.

Consequently, if a company wished to deny liability, it would have to prove, in addition to the true construction of the property, that its agent did not know the correct construction and could not reasonably have been expected to find it out. In most cases this would be impossible.

The company very probably might have a right of action against the agent for his failure of duty in this case, but it is questionable if it could deny liability to the assured in the great majority of cases.

Issue Over Liquor Bond Arises in Missouri Case

JEFFERSON CITY, MO.—Attorney-general McKittrick announces he will appeal from a ruling by Circuit Judge Nolte at Clayton that the bond supplied by a liquor dealer is one of indemnity and the entire amount cannot be forfeited for a liquor law violation.

The decision was handed down in a test case affecting the bond furnished by Harry Wipke. A codefendant with Wipke was Reserve Mutual Casualty. Wipke sold a drink of whiskey at a tavern he operated at that time although he had only a 5 percent beer license. Judge Nolte said that the only question involved was whether the bond should be considered as a \$2,000 penalty to be forfeited for violation of the liquor law, or whether the bond should be considered one of indemnity to the state for damages sustained.

Dram Shop Bill Vetoes

Governor Horner of Illinois has vetoed a bill which would have changed the dram shop act by making it necessary to prove that the defendant served the liquor by which the drinker became wholly intoxicated; the present provision being "wholly or partly."

Confer on Safety Plans

MINNEAPOLIS — T. G. Linnell, general agent, and Ward Senn, head of the Pioneer Insurance Agency, conferred this week with Mayor Leach on safety promotion plans for the coming fall and winter. Both Mr. Linnell and Mr. Senn are active workers in the safety movement.

In addition to the regular semi-annual dividend of 10 cents, the *Baltimore American* will on Aug. 15 pay an extra of 5 cents. Upon the same date the *National Liberty* will pay an extra of 10 cents together with the customary semi-annual of 10 cents. Both are members of the Home fleet.

G. W. Johnson has sold his interest in the Rigney Insurance Agency, *Harlingen, Tex.*, to his former partner, Cecil Carruth, who will operate as the Carruth Insurance Agency.

Richard Halliwell, with The Wakefield Trust Company in *Wakefield, R. I.*, has bought the agency of W. E. Shannon, deceased.

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Weld Now Head of Crane Agency

ST. LOUIS—Following the resignation of A. L. McCormack as president of the C. L. Crane Agency here, Garneau Weld has succeeded to the office. Arthur Hunthausen is made secretary and Peter Kraus, treasurer. Previously Mr. McCormack had resigned from the St. Louis Insurance Board and from the board of the Central States Life of this city, of which he was formerly president. Mr. Weld has been a vice-president of the Crane Agency and has been associated with it for 16 years. Mr. McCormack is also withdrawing as a partner in the agency but will continue to place his personal business through that office. The other members of the firm are Clark Johnston, Edwin A. Lips, F. G. Macke, T. D. Petrie, E. F. Smith and H. M. White. Mr. McCormack had been a partner in the agency for about 15 years.

Michigan Pledges 50 New Members by Aug. 31

MUSKEGON, MICH.—The Michigan Association of Insurance Agents has pledged 50 new members by Aug. 31 in connection with the National association's membership drive. This is the quota set for the state, according to a communication from George W. Scott, National association assistant secretary, to Martin W. Mullally of this city who is president of the state association.

Present membership of the Michigan association is 535, compared with 517 Sept. 1, 1938. A number of new associations have been formed through the efforts of W. O. Hildebrand, secretary-manager. A new dues schedule designed to adjust the financial cost of operating the association on a more equitable basis, with elimination of the former sustaining fund, has operated, however, to eliminate members unwilling to bear

their rightful share of maintenance costs.

The Michigan association is the more determined to make a good membership showing because J. M. Crosby, Jr., Grand Rapids, former state association president, is chairman of the national membership committee.

Offer Prizes to Field Men for Membership Work

The Kansas Association of Insurance Agents is offering two sets of prizes to the field men in Kansas for securing new members. First and second prizes will be awarded to the field men who bring in the most members from Sept. 1, 1938, to Sept. 1, 1939. Prizes are also given to those who sign up the largest number during the period July 1, 1939, to Sept. 1, 1939.

The field men have been very successful in this work. As a result the membership in the state body shows a very healthy increase.

Mixed Agency Situation Big Twin Cities Problem

ST. PAUL—A situation is developing in this state which is causing some misgivings among officials of the Minnesota Association of Insurance Agents and local boards. The old problem of mixed agencies has raised its head again and is likely to receive considerable attention from board members in the months just ahead.

This was one of the matters that came up before the executive committee of the Insurance Exchange of St. Paul last week. It is understood that two members have been notified to get rid of non-board companies or risk ouster proceedings. Reports are that the Minneapolis Underwriters Association is experiencing similar troubles with at least one of its prominent members.

Among some of the local board members in the two cities there is a feeling that the boards are clamping down a little too much on members. One St. Paul agent who has been a bulwark in local and state association affairs expressed the fear that recent developments might bring on a rift in board organizations that would weaken them.

Twin Cities Annual Meetings

The annual meeting of the Insurance Exchange of St. Paul will be held Sept. 6, to be followed shortly by the annual dinner of the Minneapolis Underwriters Association. The date for the silver jubilee meeting of the Insurance Federation of Minnesota at Minneapolis is yet to be set. Sept. 11 is the actual 25th anniversary date but the meeting probably will be at some other date so as not to conflict with other gatherings.

Old St. Paul Agency Transferred

ST. PAUL—The executive committee of the Insurance Exchange of St. Paul has approved the sale of the membership of the Joseph Rogers, Jr., agency to the Universal Insurance Agency. It was taken out a generation ago by the late Joseph Rogers and is being transferred because the Rogers agency has discontinued business.

Represents Home 75 Years

The Home of New York was host to officers and staff of the Adams Insurance Agency Co., Warren, O., at a dinner in recognition of the 75th anniversary of the agency's representation of the Home. Ivan Escott, vice president,

and H. C. Chittenden, Ohio state agent, represented the company. The late Whittlesey Adams, who established his agency at Warren in 1847, became agent of the Home July 20, 1864, and later also became a stockholder of the company. In 1889 his son, Fred W. Adams, joined the agency, and after the world war, Norman W. Adams, son of Fred, entered the agency. Whittlesey Adams died in 1916 and Fred was head of the agency until his death in 1932. Since then, Norman has been head of the organization.

Cincinnati Equitable Changes

C. H. Gamble has been elected vice-president of Cincinnati Equitable Fire to succeed the late C. F. Winsch. C. J. Livingood has been elected a vice-president to take the place of the late Louis Miller. W. H. Chatfield of the Chatfield & Woods Paper Company of Cincinnati has been elected a director.

Confer on Ohio Convention

President L. Calvin Jones and other officers of the Ohio Association of Insurance Agents will go to Dayton Aug. 2 to confer with a committee of the Dayton Association of Insurance Agents relative to plans for the annual convention of the association, which will be held in Dayton Oct. 18. C. H. Watson is general chairman and assisting him are Earl Coler, L. T. Meuche, W. R. Keys, J. W. Landis, J. L. Macbeth, John Olt, John Kramer, Kenneth Atha and Dorothy Flynn.

Southern Minnesota Men Elect

AUSTIN, MINN.—At the annual meeting here of the Southern Minnesota Agents Regional Association, these officers were elected: President, Merrill Rolfsen, Austin; vice-presidents, Howard Williams, Mankato, and Francis McGovern, Rochester; secretary, Lester Bickford, Owatonna.

Regional at Bad Axe, Mich.

A regional meeting of the Michigan Association of Insurance Agents for the Thumb district, comprising the eastern section of the state north of Port Huron to Bad Axe, will be held at the Verona Hills Golf club, Bad Axe, Aug. 10. Arrangements are in charge of J. A. Todd of Bad Axe. This region has been organized only for a year but much enthusiasm is being shown by agents.

Plan for Michigan Meeting

SAGINAW, MICH.—Plans are being made for the Michigan Association of Insurance Agents convention here Sept. 19-20. Theme of the meeting will be agency business building, with every effort extended to provide agents attending the sessions with constructive ideas for augmenting their premium volume.

Sidney O. Smith, Gainesville, Ga., chairman of the executive committee of the National association, will be the headline speaker. A number of other nationally known speakers are being lined up.

Kansas Investigation Unlikely

State Senator McDonald of Kansas has requested Governor Ratner to call a special session of the legislature to investigate the settlement of the Kansas fire insurance rate case in 1930. The proposal appears to lack general support and observers believe there is little danger of anything coming of it.

McDonald is apparently seeking to cast doubt on the validity of the settlement and to throw suspicion about it in the light of the scandals that have been revealed in connection with the settlement of the Missouri rate case.

The premiums were impounded from 1922 until 1930 in Kansas and the total

funds amounted to about \$6,000,000. In 1930, the settlement was effected under which the policyholders received about 50 percent of the impounded funds and the companies got the rest.

"Quiz" Sessions Keep Up Interest

DES MOINES—The Des Moines Association of Insurance agents has had much success with a novel question and answer quiz to create interest for its meeting during the summer months. Ivan Anton, secretary, has been conducting the "true or false" quiz. A prize is given each time for the best score. Phil Jester was winner in the contest on burglary and robbery insurance. The next quiz will be on boiler and machinery.

The association will hold a stag party early in August with Glen Wallace of Harry G. Wallace & Co., as chairman. The annual meeting will be held Aug. 18.

Another Gasoline Transport Burns

The hazard of large gasoline transports on the highways was again demonstrated in Kansas last week when a 3,000-gallon transport blazed from unknown cause on U. S. Highway 81 in front of the McPherson Country Club five miles north of McPherson. One section of the tank exploded, shooting flames 100 feet in the air and spraying the countryside with flaming gasoline. The asphalt pavement was badly damaged, telephone poles destroyed, and a grass fire nearly reached the country club building. Efforts to restrict or regulate gasoline transports on the Kansas highway have met with little success, although some of the larger cities are attempting to route them around the high value business districts.

"Answer Please" Radio Program

OMAHA.—Foster-Barker Co. is sponsoring a localized "stump the experts quiz" program over radio station KOIL that is drawing plenty of listeners and plenty of fan mail.

Headline the show is Walter Byrne, utilities manager and brother of Harry S. Byrne of the agency bearing his name. Joseph Baker heads the Foster-Barker agency.

The program, aired from 7 to 7:30 p. m. Sundays, is patterned along the lines of the "Information Please" program. The show is called "Answer Please" and local celebrities ponder questions submitted by listeners.

New Control for Neb. Company

Management of the Interstate of Lincoln, Neb., has been assumed by R. L. Dunn, who is now president, and Paul Mills, now secretary-treasurer. Mr. Dunn was formerly connected with Continental Casualty for seven years as general agent and adjuster in the accident and health department for Nebraska. He also served as state manager and adjuster in Montana for Mutual Benefit Health & Accident. He has been in the insurance business 25 years.

Mr. Mills, for the past four years, has been state agent for Security Mutual Fire of Chatfield, Minn. He was special agent and adjuster for about 12 years for Dwelling House Mutual of Lincoln, which is now Standard Reliance.

Interstate is an assessment fire insurance company that writes fire and extended coverage on buildings and fire and theft on automobile.

Seek Dwelling Rate Reduction

LAKE CITY, MINN.—A resolution was adopted at the annual meeting here of the Southeastern Minnesota Agents Regional Association, requesting that the Minnesota Association of Insurance Agents try to obtain a reduction in dwelling house rates "to enable agents of Western Underwriters Association

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companies to meet the competition of nonassociation stock companies and mutual companies" and to obtain permission for agents to write dwelling house and commercial business on a five-year basis, the premium payable in four annual installments.

Blake Nevius, Winona, was elected president; Herbert G. Knobb, Rochester, vice-president; Elmer Rietz, Winona, secretary-treasurer; H. W. Clark, Winona, chairman of the program committee, and Ruth Bernard of Rochester, chairman of the membership committee. The next annual meeting will be either in Winona or Plainview.

Iowa Local Board Drive

DES MOINES—A final drive to establish new local boards in the state before the annual meeting of the Iowa Association of Insurance Agents at Mason City, Sept. 6-8, is under way.

B. C. Hopkins, president of the agents' association, and John R. Hoff, secretary Iowa Fire Prevention Association, will make a trip into northern Iowa the first week of August in an effort to stimulate more activity in the cities there.

They will be guests of the Oelwein agents at a luncheon Aug. 1. The Oelwein group is not affiliated with the state association and it is hoped to secure its adherence. Messrs. Hopkins and Hoff will go on to Charles City, where it is hoped to establish another board, and later in the week, will make trips to Decorah and Waukon.

Wichita Insurers' Activities

WICHITA, KAN.—Bentley Barnabus, publicity director Kansas Gas & Electric Company, addressed the Wichita Insurers on "The Psychology of Salesmanship." Victor L. Henry, chairman of the library committee, announced that the Wichita insurance library maintained in connection with the public library is to be enlarged and brought up to date, through joint activities of the Blue Goose and Wichita Insurers. The annual meeting will be held Aug. 31.

Losses Up 25 Percent in Kansas

Kansas fire losses for the first six months are running some 25 percent above 1938, according to reports of Clyde B. Latchem, state fire marshal. The number of fires is up in about the same proportion. Total losses this year are 1,463 for \$1,236,559 compared with damage of \$992,919 from 1,249 fires in 1938. However, 1938 losses were somewhat below the average of the past five years.

New Rate Books in Illinois

Rate books were published by the Illinois Inspection Bureau during June for Avon, Bonnie, Bradfield, Casey, Dahinda, Douglas, Dunlap, Hudson, Leonore, Loraine (9th to 10th class), Mason City, Nason, Opdyke, Ridgway (10th to 8th class), South Elgin (9th to 8th class), Sparland (10th to 9th class), St. Jacob, Timewell, Waltonville, Waverly (9th to 8th), Woodlawn.

Probation in Discomputer Case

MILWAUKEE—Found guilty of infringing a copyright for a "discomputer" owned by a Grand Rapids, Mich., firm and sold to insurance companies to compute premiums, Harold Van Buskirk of Hammond, Ind., was placed on two years' probation by Judge Stone in federal court here. Several days after being placed on probation, Van Buskirk was arrested in Omaha on a similar charge and was brought back to Milwaukee, where the federal district attorney asked cancellation of the probation granted on the former charge after suspending a six months sentence. Judge Stone, however, gave Van Buskirk still another chance by holding the case open and warning Van Buskirk against committing another violation.

D. E. Logan with Cavanaugh

D. E. Logan has been appointed special agent and underwriter for the Cavanaugh Company, general agent of Omaha. He will divide his time between office and field duties, supplementing the present field forces in Kansas and Nebraska.

Mr. Logan has been an examiner with the home office of National Security Fire in Omaha for the past two years, and prior to that was engaged in the banking business in central Nebraska. He is a graduate of Hastings College and of the Omaha University insurance school. He succeeds Lyle C. Johnson, who has not as yet announced his future plans.

Hail Loss Is Heavy

The hail storm at Sioux Falls, S. D., June 7 resulted in heavy losses, the total running up to about \$400,000. The stones were large and tore holes in roofs, injured sidings of buildings, broke windows and damaged automobiles. To illustrate the velocity and potency of the hail a hole five inches in diameter was caused by a hailstone crashing through a two-inch board on the roof of a store. Some of the stones measured about four inches across. Damage to automobiles was heavy.

NEWS BRIEFS

E. A. Klein, local agent at Steubenville, O., who has been seriously ill for some time, is recovering.

The Marshalltown, Ia., agencies of Grace Van Orman and T. H. Higgins have been merged under the name of Van Orman-Higgins.

Myers Y. Cooper Co. has been admitted to the Cincinnati Fire Underwriters Association as a class 1 member, qualifying with Merchants & Manufacturers Fire. It also represents Northern Assurance, Employers Fire, and Employers Liability. N. G. Dempsey is manager insurance department. Mr. Cooper is a former governor of Ohio and the firm is active in real estate. It previously had held a solicitor's license.

Miss Georgia Blair Gibson, local agent at Lyons, Kan., was married to Robert W. Pattee of Casper, Wyo.

H. W. Tharp, for some years with the claim department of the Employers Mutual Casualty in Wichita, Kan., and previously with the claim department of the Kansas Underwriters there, has organized the Tharp Adjusting Company with offices in the Fourth National Bank building, Wichita.

Acting President N. N. Kline of the Hutchinson (Kan.) Insurance Board has appointed a new committee to handle the city insurance that is supervised by the board, consisting of Monte Webster, McNaghten Agency, chairman; H. W. Davis, Fontron Agency; John Brehm and Mr. Kline.

The Quincy Board of Underwriters, Quincy, Ill., has tentatively set Oct. 11 as the date for its annual picnic and celebration for company men.

Don K. Zimmerman, manager insurance department of the Griffith & Baughman agency at Liberal, Kan., and president of the Kansas Junior Chamber of Commerce, is taking an active part in the plan for a "Fire Safe Home" campaign among the Junior Chambers of Commerce as proposed by T. Alfred Fleming, National Board supervisor of conservation. He is preparing to present a program to the directors of the Kansas Junior Chamber.

Joe Finnell of the Finnell & Finnell agency of Detroit was married in Chicago recently to Miss Adele Briggs. They are now at home to their friends in Royal Oak, Mich.

Protective Indemnity has been licensed in Nebraska.

Urban Eulberg, local agent at Portage, Wis., has taken over the agency of the late Thomas Hanley.

A. E. Lindquist, Jr., Fort Dodge, Ia., has purchased the Miller Land Company agency, Ida Grove, Ia., E. J. Miller, head of the agency, died recently.

St. Mark's Mutual Fire Insurance Society of Cleveland has been incorporated by John Kanter, A. F. Kluth and Frederick Kobs.

IN THE SOUTHERN STATES

Educational Plan Announced in N. C.

RALEIGH, N. C.—S. J. Fisher, president North Carolina Association of Insurance Agents, announces the adoption of an educational plan which provides for concentration by agents and their employees on one type of coverage, fire and casualty, per month. During the month, field men will assist all agencies on which they call in getting a better understanding of the subject for the month. Topics for three months are announced in advance: July, individual property floater; August, extended cover endorsement and rents; September, use and occupancy. The casualty field men have chosen burglary insurance as their subject for July.

The plan was submitted to the North Carolina Field Men's Conference and unanimously approved. The casualty field men have also signified their desire to cooperate. The North Carolina Agents Association is divided into eight districts, and Mr. Fisher has appointed these directors of the program: First district, Frank Ewbank, Hendersonville; second, W. M. Boice, Whiteville; third, W. A. Moore, Kinston; fourth, T. H. Woodard, Wilson; fifth, W. S. Markham, Durham; sixth, S. K. Patterson, Concord; seventh, E. N. Carr, Hickory; eighth, H. C. Norman, Robersonville. A. C. Goodman, Asheville, is general chairman for fire and T. G. Redden, Greensboro, for casualty.

New Orleans Agents Aid Long

In view of the statement by Governor Long of Louisiana that he intends to suppress all monopolies in the handling of state business and that he favors an equal and just distribution of that business, including insurance, the New Orleans Insurance Exchange, at a special meeting, tendered to the governor and to the other state officials its full support and cooperation towards having all insurance in which the state may have an interest properly written. The resolution assures the governor that within the ranks of the exchange there are men thoroughly versed in the technique of insurance whose counsel and services are at the command of the state in accomplishing the fair distribution of insurance.

The preamble to the resolution states that for several years all types of insurance within the control or influence of the state, have been placed by officials with one agency or with a limited number of specially favored agents. Influence, according to the resolution, has also been used to divert insurance on private property from agents who would otherwise control it. This practice, the resolution states, has resulted in a virtual monopoly to a favored few to the detriment of other agents. This apparent favoritism, the memorial states, has deprived many agents of the opportunity of earning commissions which would naturally inure to them and their communities if the field were open or the business distributed in a fair and equitable manner.

New North Carolina Boards

Two new local boards have been formed in North Carolina. The Cumberland County Insurance Exchange has these officers: B. R. Huske, Fayetteville, president; Miss Sallie W. Tomlinson, Fayetteville, vice-president; C. W. Rankin, Fayetteville, secretary-treasurer.

The Polk County Insurance Exchange elected L. L. Clipper, Saluda, president; J. B. Hester, Sr., Tryon, vice-president; E. P. Manville, Tryon, secretary, and G. H. Holmes, Tryon, treasurer.

Orders Sweeney's License Reinstated

LOUISVILLE—W. T. Sweeney has again been cited to appear before the Kentucky department to show cause why his license should not be suspended. The action was taken by V. D. Rooks, acting director of insurance. Sweeney's license was suspended on the ground of writing insurance at less than the prescribed rate. The court ordered reinstatement of the license because Sweeney had not been given the proper 10 days in which to answer the charges.

Suit recently brought against Sweeney & Co., on contract, by D. Cliff Stone, general agent of Nashville, was recently withdrawn by Stone.

Circuit Judge Ardery in Franklin circuit court has entered an order directing Commissioner Goodpastor of Kentucky to reinstate the license of William T. Sweeney, Louisville local agent.

The Kentucky department suspended Mr. Sweeney's license for a period of 90 days following a hearing. The judge furthermore directed that in any future hearing in the matter Mr. Sweeney be given notice of not less than 10 days and that the charges against him be specified in that notice.

Mr. Sweeney, prior to winning this decision, made public a letter that he had written to Vernon D. Rooks, acting director of the Kentucky department. He refers to a letter written by Mr. Rooks to L. P. Spillman, president Otis Hidden Company, stating that the licenses of Mr. Sweeney were suspended after a hearing, which indicated that he had written insurance on the property of the Louisville Bridge & Iron Co., resulting in a rate lower than that promulgated by the Kentucky Actuarial Bureau and approved by the Kentucky department.

In his letter to Mr. Rooks, Mr. Sweeney stated that there was no promulgated average rate at the time that Mr. Sweeney wrote the insurance. The recently promulgated average rate, he stated, which was only nine mills higher than the estimated rate that Mr. Sweeney had used, according to the letter was as high as it was because increases had been made in individual rates within the last few months. If the rates had been promulgated last year, he said, it would have been about 7 cents lower than Mr. Sweeney's estimated rate.

Fifty Percent Reduction in Oklahoma City Oil Exposure

OKLAHOMA CITY—A general reduction of 50 percent was approved by the Oklahoma insurance board on oil well exposure rates in the oil producing section of Oklahoma City. The rate on risks located within 50 feet of a producing well is cut from 50 cents to 25 cents per \$100. On property located from 50 to 100 feet the rate is reduced on frame buildings from 24 to 12 cents and on brick structures from 16 to 8 cents. On those located from 100 to 150 feet the cut was from 4 to 2 cents on brick and from 8 to 4 cents on frame structures. No cut was made on exposure to drilling wells during the drilling period. The change became effective July 20.

Tennessee Valued Policy Provision Is Construed

The Tennessee law which transforms a fire policy into a valued contract if the insurer does not make an inspection and request a modification of the insurance within 90 days after its issuance was construed by the Tennessee supreme court as meaning that the insurer

had 90 days from the date of issuance of the original policy to prevent it from becoming a valued one and that renewal of the policy a year later had the effect of extending the original contract for another year. The loss occurred 45 days after the renewal of the policy and under the decision of the court the insurer is liable for the face amount of the contract. The case was Lewis vs. Western Assurance.

Lewis' dwelling at Peebles and Sax street, Memphis, was insured July 31, 1937. It was renewed a year later and the building was totally destroyed by fire Sept. 13, 1938.

The property was never inspected by any agent of the insurer. Western Assurance demanded an appraisal, which was rejected by Lewis upon the ground that there was nothing to appraise.

The court went into a discussion of whether the renewal policy was a new and independent contract or whether it was an extension or continuation of the original contract. The policy contains the provision, that is found in the old New York standard form: "This policy may by a renewal be continued under the original stipulations, in consideration of premium for the renewed term, provided that any increase of hazard must be made known to this company . . ." The court held that the renewal a year later, under the express terms of the original policy, had the effect of extending the original contract for another year. The situation was the same as though the policy had been issued originally for two years in which event the insurer as far as value was concerned, had 90 days from the date of issuance to inspect.

May Have Chattanooga Branch

CHATTANOOGA, TENN. — Establishment of a branch office in Chattanooga is being considered by the Northwestern Mutual Fire. Seven southeastern states are now being served from the Raleigh, N. C., office, but the volume of business in Tennessee, Alabama and Mississippi is so great that a new office appears necessary.

J. M. Battle, regional vice-president of Northwestern Mutual, will survey this territory soon to determine whether the new office will be located in Chattanooga or Nashville.

H. H. O'Donnel of the Sloan-Hill agency, Chattanooga, won first prize in the contest sponsored by the Northwestern Mutual in the territory east of the Rocky Mountains.

Louisiana Insurance Course

The Louisiana Insurance Society is now completing its plans for the intensive short course on insurance to be held at the Louisiana State University, Aug. 15-17. A number of people have been secured as lecturers to cover a number of subjects that are particularly interesting to agents.

Special Funds Aid Texas Board

AUSTIN, TEX. — Vetoes of Governor O'Daniel cut deeply into funds for operation of the three divisions of the board of insurance commissioners, but in some instances the cuts will be nullified by provisions of "riders" which permit the use of fees and special funds for continuance of the work. Chairman Woodward, life commissioner, said the vetoes did not cripple his division for special funds could be used to carry on the essential work.

The casualty division is the hardest hit.

Resident Agent Required in Ga.

ATLANTA—No licensed fire or casualty company can write or issue policies on any risk in Georgia except through a resident agent licensed by the Georgia commissioner, Attorney-general Arnall has ruled. He also held the resident agent must get a full commission for all such transactions. Comptroller-general Harrison, ex-officio commissioner, requested the ruling. Arnall said the effect of a recent United States Supreme

Court decision was to declare unconstitutional only that part of the Georgia code classifying salaried employees of old line companies in one group and all agents of mutual companies in another. The attorney general said that the remainder of the act was left intact.

Saint Completes B. D. Meetings

NASHVILLE, TENN. — John D. Saint, manager Tennessee Association of Insurance Agents, is back in his office after completing a series of Business Development meetings at Lewisburg, Cleveland, Maryville, Elizabethton and Newport, requiring a trip of more than 1,000 miles in a week. A series of similar meetings scheduled for August has been postponed until a later date.

Cut Nashville, Memphis Rates

NASHVILLE, TENN.—Fire insurance rates on protected non-fireproof dwellings and apartments and contents in Nashville have been reduced by the Tennessee Inspection Bureau. The basis for a typical, unexposed, one-family, brick-veneered dwelling, with approved roof, under protection of the Nashville fire department, is reduced from 39 to 35 cents and for similar building with solid masonry walls from 29 to 26 cents. All exposure charges received from other dwellings situated 20 feet or more will be eliminated. It is expected to bring about a reduction of about \$100,000 annually in premiums. A similar reduction is made for Memphis.

Mississippi School Aug. 15-18

A four-day fire, casualty and surety insurance school will be held in Jackson, Miss., Aug. 15-18, sponsored by the school of commerce of the University of Mississippi and the Mississippi Association of Insurance Agents. Dr. Roscoe Arant, associate professor of economics at the university, will direct the school, which will include national figures in the field as speakers and instructors.

South Carolina Committees

J. H. Richardson of Hartsville, president South Carolina Association of Insurance Agents, has appointed his committees. The chairmen are: Legislative, J. M. Green, Orangeburg; fire, J. H. Woodside, Greenville; casualty and surety, C. F. Carter, Jr., Charleston; Business Development, T. R. Miller, Florence; fire prevention, F. G. Swaffield, Columbia; accident prevention, L. J. Wilburn, Union. The organization committee consists of L. A. Grier, Spartanburg, chairman, G. W. Kinghorn, Beaufort; Hugh Wyman, Aiken; E. R. McIver, Jr., Florence; J. Ed. Hart, Greenville; Walter Newton, Bennettsville; Frank Schachte, Charleston; W. L. Peoples, Abbeville; Henry Moses, Sumter; S. C. Fair, Orangeburg, and Charles Arthur, Columbia.

Active local boards are now operating in Charleston, Florence, Greenville, Sumter and Spartanburg. There is one county board, that being in Lee county. The state has been divided into 11 districts.

NEWS BRIEFS

Honor awards to individuals in the police and fire departments were conferred by the Greater Miami, (Fla.) Insurance Board.

Miss Martha Lee Madison of Petersburg, Va., and Worthington Romaine, who is with the Petersburg Insurance Company agency, will be married in the early fall. Miss Madison is a niece of Lewis Madison, former manager of the agency. Mr. Romaine was formerly with Louis E. English of Richmond.

Stuart Ragland, president Virginia Association of Insurance Agents, and Oscar H. West, manager, were in New York last week conferring with officials at National association headquarters.

PACIFIC COAST AND MOUNTAIN

Colorado Probe Committee Wants State Code Revised

DENVER — As a climax to a series of stormy sessions in which fist fights and heated arguments played an important part, the interim investigating committee on insurance appointed by the house of representatives recessed until Sept. 5 after requesting Commissioner Kavanaugh to prepare recommendations for revision of the Colorado law based on the New York code.

The commissioner, who is now studying the New York law, says he believes certain amendments along that line would be beneficial but that in a state such as Colorado it would be wholly unnecessary to incorporate it in toto. He will report on what changes he considers advisable when the committee reconvenes.

Meanwhile, the investigating committee hopes to force, through court action if necessary, the payment of a \$3,000 appropriation by the house for this purpose. Attorney-general Rogers holds the allotment is illegal because it was not also approved by the senate and given the governor's approval.

Most of the excitement centered on charges made by the attorney-general against Herman Kline, secretary of the committee, involving his connection with two mutual benefit outfits, the Protective Association and Mercantile Life Association, former Heath-Larson enterprises. Heath and Larson were sent to prison for their part in a fraudulent deal connected with the American Life scandal of several years ago.

Oregon Agents Working Out Auto Finance Solution

PORTLAND, ORE. — Chairman Goodman of the executive committee of the Oregon Insurance Agents Association called a special meeting here to hear a report from the committee handling the matter of automobile finance company accounts. The report indicated that there are but six groups of companies whose operations are at variance with ideas of the Oregon association. The next meeting is scheduled for San Francisco, where a committee of the Oregon association will meet with representatives of the six companies to iron out differences.

The executive committee went on record as favoring payment of a refund to members on excess commission earnings

of the association on public business. The details of the amounts to be paid members will be worked out and payments distributed at the convention at Bend in September.

A well-rounded program was outlined for the convention in Bend Sept. 7-8. One of the speakers will be H. P. North, assistant director Business Development Office in charge of the San Francisco office.

Placing of San Bernardino Line Causes Discussion

FONTANA, CAL. — With several company representatives and directors of the California State Association of Insurance Agents present, the San Bernardino County Insurance Agents Association had a lengthy discussion on the fire insurance line on San Bernardino county properties, recently awarded. According to reports a survey of the properties was made by company representatives on request of an agent not residing in the county, the policy was prepared, taken to an agent of the company in San Bernardino county for signature and put into effect. It was charged that this was direct writing and contrary to board rules. A resolution was adopted that the company carrying the line cancel out a percentage of it, so that the amount canceled could be placed with non-board companies, and that the commissions be placed in the hands of a committee composed of members of the San Bernardino association and representatives of the non-board companies for allocation later.

Reciprocals O. K. in Montana

HELENA, MONT. — Reciprocals or inter-insurance exchanges are eligible for license in Montana, according to ruling of Attorney-general Freebourn to Commissioner Holmes. The attorney-general says there is no statute in the state specifically permitting or prohibiting an organization of that type to carry on an insurance business in the state.

Battles Outlines Activities

LOS ANGELES—Chairman Eugene Battles of the Los Angeles chamber of commerce committee on insurance and fire prevention has announced the work the two committees will undertake this fall. The fire prevention committee will concentrate on an effort to secure better fire protection and increased fire preven-

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tion safeguards in the Santa Monica Mountain region of the city, and a better water supply in that section. The insurance committee will take up co-operative education along insurance lines to make the public better acquainted with insurance practices and benefits, and inculcating knowledge that will result in lowering loss ratios in all lines of insurance.

Mountain States Maintain Volume

DENVER.—Premium volume of fire companies in the mountain field is running about on a level with last year at the half-year mark, according to reports. None of the principal offices have had a drop in business. A few have had slight increases, but generally speaking there have been no radical gains.

Fight Denver Sprinkler Charge

DENVER.—A committee representing the sprinkler users of Denver, of which Walter Kulp of the Mountain States Inspection Bureau and David J. Main of Standardt & Main are members, has decided to take some further action in an effort to persuade the Denver water board to remove a service charge on sprinklers. The tentative plan is to ask the National Fire Protection Association to petition the water board for reconsideration.

At a recent hearing the board rejected a petition for removal of the service charge, which ranges from \$72 per year up on a graduated scale.

Ulrich Heads Insurance Post

SAN FRANCISCO—Willis Ulrich was elected commander of Insurance Post 404, American Legion. Earl Wright is first vice-commander; H. Higginbotham, second vice-commander; Henry Boos, finance officer; Charles Landresse, judge advocate; M. Nicolson, chaplain; Cyrus Washburn, service officer; E. Bunting, sergeant-at-arms; Wesley King, historian.

Glendale, Cal., Agents Elect

The Glendale (Cal.) Association of Insurance Agents has elected these officers: President, E. C. Kambe; vice-president, William Hadsell; secretary-treasurer, Florence Noble.

The association recently conducted a survey of the city and found 89 agencies licensed that are not complying with the guiding principles of the California association. An effort is being made to clear these agencies.

NEWS BRIEFS

Groninger & Co. have opened a branch office in Spokane, Wash., with E. Kiese-wetter in charge.

The annual yachting party of the Insurance Girls Club of Seattle is scheduled for July 23 on the "Pandora."

L. B. Daniels of San Francisco, retiring president of the American Association of Insurance General Agents, was the guest of honor at a luncheon meeting given by the Denver members of the group. Mr. Daniels spent two days in Denver on his way to New York.

EAST**Blame Inadequate Mains for \$250,000 Weymouth Loss**

WEYMOUTH, MASS.—Alleged inadequate water mains are blamed for a \$250,000 fire in the Weymouth Art Leather Company plant. The company manufactured, among other articles, gas masks for America and foreign countries. The factory was filled with great vats of highly inflammable chemicals and was a serious hazard. The company, in a hearing before local selectmen, complained it had been trying for years to have the town adopt a six-inch main water pipe. The present four-inch main was blamed for lack of water,

which prevented the firemen from controlling the fire. Officials of the company state the plant will be moved to another city or town as a result of the failure to provide adequate water supply.

Teitrich Resumes Old Post

HARRISBURG, PA. — Harold R. Teitrich has been appointed chief of the division of agents and brokers of the Pennsylvania department. Mr. Teitrich, who formerly held the same position, succeeds Paul McBride of Pittsburgh.

Joint New Jersey Outing

The joint outing of the Mercer County (N. J.) Association of Insurance Agents and the Burlington County Association of Insurance Agents is being held this week at the Forsgate Country Club. It is the last of the New Jersey outings.

CANADIAN**Cabeldu Elected President of Victoria, B. C., Agents**

VICTORIA, B. C.—Fred N. Cabeldu of Van der Vliet, Cabeldu & May, was elected president of the Victoria & District Fire Insurance Agents Association, succeeding C. S. Pitts of Douglas Mackay & Co. He was vice-president of the association last year. T. A. Brown of P. R. Brown & Sons, was elected vice-president. President Pitts in his report told of agents' success in opposing the licensing of Lloyds in British Columbia several weeks ago.

The association will hold a golf tournament and banquet at the Royal Colwood Golf Club July 28.

Moore Alberta Fund Chief

R. R. Moore has been appointed acting manager of the Alberta government's fire insurance branch, which is expected to start business Sept. 1. He is now deputy fire commissioner and deputy superintendent of insurance.

New Casualty Company Planned

MONTREAL — A charter under the Quebec insurance act has been requested for the National Insurance Society with \$500,000 capital, to write casualty and automobile business. Among the petitioners are J. V. Desaulniers and Charles Laurendeau, both of Montreal.

Propose Quebec Auto Probe

QUEBEC—M. B. Fisher, Quebec provincial treasurer, has given notice of a bill to be introduced which will give Superintendent Lafrance authority to inquire into automobile rates in Quebec.

Discuss Inland Transportation

TORONTO—The Association of Inland Transportation Underwriters met in Toronto to consider standardization

in this field. E. W. Schauffler presided. The association has been inactive for three years and it was decided to increase membership considerably before undertaking consideration of the problems involved.

Union of Paris Appointments

MONTREAL — The Union of Paris has appointed W. E. A. Johnson, formerly with the General Accident, inspector for Ontario, and J. A. Decary, formerly with the Rhode Island, inspector for Montreal and the province of Quebec.

The China Fire of the Union of Canton group has ceased to transact business in British Columbia and has reinsured its outstanding contracts with the Union.

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MARINE INSURANCE NEWS

Urging Passage of the Bland Measure

NEW YORK—The Merchants Association of New York has added its endorsement of the Bland bill to those of the National Council of American Importers and the marine underwriters of this city. The bill would allow the Maritime Commission to cooperate with private insurance companies in supplying adequate coverage to American shippers in the event of a major conflict developing among the nations of the world. In its appeal to congressional representatives to pass the measure the National Council points out that it is patterned after the war risk insurance act of 1914, which maintained foreign commerce and operated at a net profit of \$17,500,000 during the World War. It says: "If the bills become law, the government would enter the marine and war risk insurance and reinsurance business only when an emergency makes unavailable, for American water-borne commerce, the necessary insurance in the American markets on reasonable terms. The administrative agency for this protection of our shipping and trade against disruption caused by war conditions, would be the U. S. Maritime Commission, which is already carrying on marine and war risk insurance for American vessels in the far east, the Mediterranean, and the vicinity of Spain.

Power of the Commission

"Under the Bland and Bailey bills, the commission would be empowered to issue insurance and reinsurance against war and ordinary marine risks, not only on American vessels, cargoes, freights and disbursements, but also on non-enemy foreign ships if engaged in American foreign or domestic commerce. The bills would permit private companies to reinsure and spread their risks, and coverage would include masters, officers, crews and seamen.

"A revolving fund would be set up and the commission would be empowered to fix rates, compromise and settle

claims, adjust and pay losses, etc., in accordance with commercial practices. The commission could prescribe, change and modify forms and policies, and appoint and fix the duties of marine insurance experts for carrying out the provisions of the bills.

"Parties dissatisfied with decisions on claims for losses could sue the Commission in the U. S. district court sitting in admiralty in the claimants district; or if the claimant is a non-resident of the country, in a district court in which the attorney general agrees to accept service. These bills would provide for American foreign traders and shipping companies services as complete and satisfactory as those Great Britain now provides for her nationals. Prompt enactment is necessary to give American shipping and trade immediate protection against possible disruption in the event of war or national emergency."

Delay Decision on Ohio Baggage Insurance Issue

COLUMBUS—The Ohio department has given counsel for the Ohio Association of Insurance Agents, attorneys for the insurance companies and lawyers for the railroads an opportunity to make a further study of the writing of baggage insurance by railroad agents and the sale of personal effects insurance by the tourist agencies. The agents charge that the writing of such insurance by the representatives of the railroads and tourist companies is in violation of the Ohio laws. An order stopping the practice was issued several years ago by the department but its enforcement was suspended pending further hearings on the subject.

Limited Personal Property Floater Outlawed in Mo.

The various forms of limited personal property floater policies that have been issued by 10 or a dozen companies in Missouri have been criticised by the audit bureau of that state and, it is understood, most if not all of the companies have withdrawn these forms. The matter is being taken up by the interested companies with the insurance department. The audit bureau, it is understood, objected to the diversity of forms that are in use. Perhaps an effort may be made on the part of these companies to issue a uniform contract of limited nature in Missouri. Most of these personal property floaters are written on a specified peril basis and are intended for those in more moderate circumstances than the assured to whom the personal property floater is generally sold.

Marine Office's 1939 Book

The Marine Office of America, 116 John street, New York, has gotten out in booklet form "Ocean and Inland Marine Insurance, 1939," which gives full information as to ocean marine coverage, tells about aviation insurance and various miscellaneous policies. It is a comprehensive booklet with some 58 pages giving interesting information regarding the lines that are written under the marine cover. It gives full information on inland marine.

Plan Regional Convention

NEW YORK—A regional convention has been arranged by the New York City Blue Goose in this city, Sept. 1-3. The program includes several dinners, a marine trip around Manhattan Island, visit to the New York fair, and other interesting features.

The agency of E. D. Looney & Co., Columbia, Tenn., established by the late Judge E. D. Looney, has been sold to Mr. and Mrs. Frank D. Lander, Jr.

The Pawtucket Mutual Fire has been admitted to Virginia with principal office at Norfolk. The Reliance Insurance Agency will be its representative there.

Experience in State of Washington Is Analyzed

The state of Washington department has published its annual report covering 1938 operations. The total results are divided according to the classes set up in the Washington code.

Net fire insurance premiums of stock companies amounted to \$6,949,981 with net losses \$2,471,254. Fire insurance of mutuals and inter-insurers was \$1,484,941 premiums and \$369,751 losses.

Inland navigation and transportation premiums amounted to \$653,079 and net losses \$310,911.

Results in A. & H. Line

Accident and health premiums amounted to \$2,519,500 and losses \$1,121,012. Non-can A. & H. premiums were \$290,421 and losses \$177,899.

Fidelity and surety premiums were \$1,737,135 and losses \$185,564. Liability other than auto premiums were \$1,334,325 and losses \$332,347.

Plate glass premiums were \$111,222 and losses \$39,373. Steam boiler and machinery premiums were \$270,236 and losses \$47,980. Burglary and theft other

than auto premiums \$336,853 and losses \$62,580.

Motor vehicle insurance premiums amounted to \$8,929,737 and losses \$4,167,656. The fire and theft premiums were \$584,695 and losses \$269,490. Auto P. L. was \$3,469,905 and losses \$1,315,768. Auto P. D. and collision premiums were \$4,074,175 and losses \$2,180,328. Automobile comprehensive premiums were \$776,052 and losses \$384,407.

Premiums in the miscellaneous classification including aircraft, earthquake, hail, livestock, riot and workmen's compensation amounted to \$483,510 and losses \$162,997.

Colridge in Los Angeles

LOS ANGELES—Secretary Frank Colridge of the California Association of Insurance Agents, was in Los Angeles consulting with local directors of the association relative to the new plans for making the guiding principles more effective and enforcing them to a greater extent among the agencies that are affiliated with the association.

The Houston office of Floyd West & Co. is moving to larger quarters at 401-402 Sterling building.

INSURANCE SERVICES AND EQUIPMENT [DIRECTORY]

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Recent Decisions Involve Some Surety Cases

The Washington supreme court decides a case on a contract bond where installation of pipe was made for Tacoma and the subject of subcontractors and material men's claims arose. The Maryland Casualty and Glens Falls Indemnity were joint sureties on the bond of the pipe company. The pipe company sublet different parts of the work to contractors. The pipe company sublet to the partnership of Arcorace & Coluccio all of the work to be done under general contract except fabrication of the pipe. The copartnership sublet certain portions of the general contract to the Queen City Construction Company. Later it sublet to Bachelor the concrete work to be done under the general contract.

What Can Be Recovered

The court says there is ample testimony to show that the Queen City did its work efficiently and promptly but that because of acts of the copartnership in failing to properly supervise the work and keep it moving along as it should have, the Queen City was delayed for months and was compelled to do much of the work under conditions which greatly added to the cost. The testimony clearly shows, the court finds, that the copartnership breached the contract. The Queen City attempted to recover for delay. The higher court holds that the rule has long been established in Washington that as against the bondsmen of the principal contractor a subcontractor cannot recover in excess of the reasonable value of the services performed or material furnished. There can be no question but that at least where there has been a breach of the subcontract, recovery may be had for the reasonable value of the services performed or material furnished even though such amount exceeds the contract price. The fact that the courts may use the contract price as a basis and add thereto an additional amount caused by breach does not change the action if the amount finally arrived at is a reasonable value of the services performed or material furnished. In other words, the amount cannot be segregated as so much according to the contract and so much for delay. The trial court decided that \$2,500 is a reasonable amount to be allowed the Queen City for an attorney's fee and the court agreed.

Another case that came before the Mississippi supreme court is Hartford Accident & Indemnity vs. Delta & Pipe Land Company. This involved a fidelity bond. The question arose as to failure to discover the default and file claim within time required by bond. The court says that this is the second appearance of this case before it. On a former appeal the court affirmed a judgment against the Hartford Accident and the U. S. Supreme Court reversed. Hartford Accident & Indemnity vs. Delta & Pipe Land Company, (1934) 292, U. S. 143. The second trial resulted in judgment for plaintiff against the Hartford Accident and the latter appealed. The court says the bond was complete in Tennessee and the obligations of the contract and its terms became fixed and were controlled by the laws of that state. A defalcation occurred in 1929 when Harris was in Mississippi. The bond expired Dec. 31, 1929, and the default of Harris was not discovered within the 15 months provided for in the contract. The Mississippi supreme court stated that in its former position it was held that although the contract on its face and under the facts should be a Tennessee contract, section 5131, Miss. code of 1930 made it a contract under the Mississippi law. Therein this court was in error for which the U. S. Supreme Court reversed

the Mississippi supreme court's former decision.

The Mississippi supreme court says it is true that if a default occurred on part of Harris the money should be paid to the Delta Company and it may be assumed that it was contemplated and this payment was to be made in Mississippi rather than in Tennessee. However, at the time of the execution of the contract the employee was in Tennessee performing duties for the Delta Company, the office having been there for 10 or 11 years for its convenience. The court says that the fact that the Delta Company had not obtained permission to do business in Tennessee does not affect the right of the defendant, the Hartford Indemnity, under this contract. The Delta Company could not set up its own default to defeat the rights of the Hartford Accident, which was authorized to do business in Tennessee. Therefore the judgment for the Delta & Pine Land Co. was reversed and judgment rendered for the Hartford Accident.

The Connecticut supreme court of errors in Hoffman vs. Fidelity & Casualty et. al. takes up the case of a replevin bond, the issue being the right of reformation. The action was commenced by Hoffman against the F. & C., subsequently the Park City Auto Finance Co. was cited as codefendant. The replevin writ was returned to court but the action was never entered on the docket because of failure to pay the entry fee. More than two years later Hoffman brought suit against the F. & C. alleging in the original complaint

breach by failure of the finance company to prosecute the replevin action to effect. On trial the plaintiff's attorney for the first time discovered that the condition contained in the bond did not cover failure to prosecute to effect. He was permitted to amend the complaint and add a prayer for relief seeking reformation of the bond. The trial court held that reformation was not warranted. The higher court said an insurmountable obstacle to reformation arises from the principle that there can be no reformation unless there is an antecedent agreement upon which the minds of the parties have met. The relief afforded in reforming an instrument is to make it conform to the previous agreement of the parties. The proposition and expectation of Hoffman was for a bond such as that provided for the section 5948 of the general statutes "conditioned like the recognition taken on issuing the writ," that the plaintiff should prosecute his suit to effect and if he failed to establish his right to possession of the property, return it to the defendant and pay the damages sustained by the replevin. The surety company, the court says, obviously misconstrued the request as called for an entirely different undertaking and made and executed an instrument with that erroneous understanding. Therefore, there was no antecedent agreement to which the bond may be made to conform by reformation. There is no ground for reformation where one party intended one contract and the other intended another. There is no error, says the court.

A case arises over a sheriff's bond, a decision being rendered by the Texas court of civil appeals at El Paso in Clark vs. West, Jr. et. al. The issue is over the deputy sheriff's negligent driving of automobile while transporting an intoxicated individual under arrest. Clark sued Kirk, a deputy, and West,

the sheriff and the surety, for personal injuries to himself and son and damages to his automobile resulting from a collision with an automobile driven by Kirk. The court says there is sufficient evidence to justify a finding that the collision was occasioned by the negligent driving of Kirk. Kirk was returning from the scene of another collision and was conveying Hoenke and a Negro at the time and claimed that he was taking them to a hospital for medical attention. The plaintiff claimed that Hoenke was under arrest and was being conveyed to San Antonio in custody.

The trial court instructed a verdict in favor of the sheriff and his surety. The jury returned a verdict for the plaintiff against Kirk. From the judgment in favor of the sheriff and his surety Kirk prosecuted this writ of error. Kirk did not appeal. The higher court says that the evidence is sufficient to require submission to the jury of the issue of whether Kirk in the performance of his duty as deputy sheriff arrested Hoenke for drunkenness in a public place and was engaged in the performance of his duty and had him under arrest at the time of the collision with the plaintiff's car. If Kirk, without a warrant, actually placed Hoenke under arrest on charge of drunkenness in a public place, the arrest was a lawful one and the act of Kirk was the act of the sheriff, the court finds.

Sheriffs are responsible for the official acts of their deputies and are liable for their wrongful acts. This liability extends not only to the person arrested or against whose property the process is directed but likewise to third persons who may be injured through the negligence of the deputy while engaged in the performance of official duty. That a deputy uses an unlawful method of performing a duty and thereby inflicts damage does not absolve the sheriff or his surety from liability, the higher court finds. The action of the trial court in instructing verdict in favor of the sheriff and his surety is reversed.

AUTOMOBILE DECISIONS GIVEN

Some recent automobile decisions have been rendered by the higher courts as follows:

Where plaintiff was injured in a collision on a bridge, the Kentucky court of appeals held that the court erred in instructing the jury with regard to the duties of a motorist relative to speed and control of his car when rounding a curve and meeting another vehicle. This was Buck vs. Kleinschmidt.

Where plaintiff stopped and looked as he approached an intersection and saw defendant's truck about 150 to 200 feet away and then shifted gears and continued on into the intersection, intending to make a left turn, he was found guilty of contributory negligence as a matter of law, for he should have given the truck the right of way. The Pennsylvania superior court so holds in Goddard vs. Armour & Co.

A defective notice of cancellation not received by the assured is not effective to cancel a policy, the burden of proof of receipt of notice lying with the company. The U. S. district court of Maryland so holds in Profit vs. Seaboard Mutual Casualty.

Where the evidence shows that had the defendant's truck been driven on the right side of the road, the collision would not have happened, judgment for plaintiff is affirmed, the Pennsylvania superior court so holds in Hankey Baking Company vs. National Brad Company.

An electric company is not liable for maintaining wires across a public street where such wires were sufficiently high to allow trucks not loaded beyond the statutory limit to pass. The plaintiff's decedent was killed when the wires caused a transformer which had been loaded on a truck to fall, the total height

of the truck being in excess of that allowed by statute, the West Virginia supreme court of appeals so holds in Osborne, administratrix, vs. Chesapeake & Potomac Telephone Co.

The beaches along the ocean in Florida, in some places, designated as public highways, but this does not operate to take away the superior right to the use of the beaches by the bathers, such right having always existed. Actionable negligence on the part of the defendant who ran into plaintiff, who was sitting on the beach, was found to be established by the evidence, the Florida supreme court holds in the case of White vs. Hughes, Jr.

A defendant who is sued jointly with a carrier is entitled to have the jury instructed with regard to the high degree of care owed by the carrier to its passengers, the plaintiff in the case being a passenger who was injured when the defendant's truck collided with the carrier defendant's street car, the Texas court of civil appeals hands down the decision in Glazer vs. Wheeler.

A city is not liable for the negligent operation of a city car by the son of the superintendent of the water and light works who had been instructed by his father to drive the car home from a garage, the father intending to drive his own car back, the Louisiana supreme court holds in Oliphant vs. Town of Lake Providence.

Evidence tended to show that defendant's school bus approached the highway on which the car in which he was riding was traveling and that the bus did not stop, but drove on into the center of the road, the intersection being blind. Judgment entered for plaintiff below is affirmed, so holds the Alabama supreme court in Moore vs. Cruik.

Another case is that of Casey vs. Fidelity & Casualty, decision being rendered by the Kentucky court of appeals. This was a deputy sheriff's bond and the issue arose over the killing of an individual while an attempt was made to make an arrest. The plaintiff filed an action against DeBoard, deputy sheriff of Pike county and the surety, seeking to recover damages growing out of the shooting and killing of Casey, the plaintiff's husband. It is alleged that Casey was shot and killed by DeBoard as he was attempting to arrest Casey on the charge of being drunk in a public place. The trial court's order sustaining the surety company's special demurrer to the petition set out that the bond executed by the board to the sheriff was an indemnifying bond to and for the sole and exclusive benefit of Rowe as principal sheriff and that the plaintiff had no right to maintain the action. The plaintiff appealed.

The higher court holds there is no statute which makes it mandatory for a deputy to execute a bond to the principal sheriff. The purpose of section 4141 Kentucky statutes is to authorize the sheriff to require a bond of his deputy in the collection of revenues if he cares to do so. The bond does not come within the purview of sections 3751 and 3752, which relate to bond applications required by law for the discharge of a public office or trust. The court says that the acts of deputies referred to in section 4141 relate to the collection and handling of revenues and obviously as pointed out in Howard vs. Caudill 228 KY. 403 15SW (2245) the wording of that action was not intended to make the deputy the agent of the sheriff in a sense that when the deputy maliciously kills another the sheriff is "the person who committed the killing." Judgment was rendered dismissing the action against the surety.

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